

Bank of England

Prudential Regulation Authority

Appendices to Depositor Protection

Consultation Paper | CP9/22

September 2022

Draft for consultation



Contents

Contents	1
1: PRA Rulebook: Financial Services Compensation Scheme Instrument 2022	2
2: PRA Rulebook: CRR Firms, Non-CRR Firms and Non-Authorised Persons: Depositor Protection (No.1) Instrument [2023]	3
3: PRA Rulebook: Depositor Protection (No.2) Instrument [2023]	4
4: Draft amendments to Supervisory Statement 18/15 Depositor and dormant account protection	5
5: Draft amendments to Statement of Policy Deposit Guarantee Scheme	19
6: Draft amendments to Statement of Policy Calculating risk-based levies for the Financial Services Compensation Scheme deposits class	25
7: PRA statutory obligations	27

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1: PRA Rulebook: Financial Services Compensation Scheme Instrument 2022

Proposed rule instrument 'PRA Rulebook: Financial Services Compensation Scheme Instrument 2022', available at: <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2022/september/cp922app1.pdf>.

Draft for consultation

2: PRA Rulebook: CRR Firms, Non-CRR Firms and Non-Authorised Persons: Depositor Protection (No.1) Instrument [2023]

Proposed rule instrument 'PRA Rulebook: CRR Firms, Non-CRR Firms and Non-Authorised Persons: Depositor Protection (No.1) Instrument [2023]', available at: <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2022/september/cp922app2.pdf>.

Draft for consultation

3: PRA Rulebook: Depositor Protection (No.2) Instrument [2023]

Proposed rule instrument 'PRA Rulebook: Depositor Protection (No.2) Instrument [2023]', available at:
<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2022/september/cp922app3.pdf>.

Draft for consultation

4: Draft amendments to Supervisory Statement 18/15 Depositor and dormant account protection

In this appendix, new text is underlined and deleted text is struck through.

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2 Eligibility

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2.9 The PRA considers that the fact that a person has created a charge or equivalent security interest over his/her interest in a deposit does not (in most cases) prevent it being treated as a deposit for the purposes of the Depositor Protection rules, even where the person who has taken the security interest is the DGS member with whom the money has been deposited. ~~This is a change to the approach under the previous Deposit Guarantee Schemes Directive (DGSD).²~~

...

3 Disclosure

3.1 This chapter sets out the PRA's expectations of how firms will disclose information about the relevant deposit guarantee scheme and is intended to be read together with the rules contained in Chapters 16, 17, 18, 19, 20, 21, 22 and 23 of the Depositor Protection Part of the PRA Rulebook. ~~The PRA's expectations regarding the disclosure requirements in respect of the change in the deposit protection limit are set out in Chapter 12. The PRA's expectations regarding the disclosure requirements in respect of the UK's withdrawal from the EU are set out in Chapter 13.~~

...

Other references to the DGS

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3.27 The PRA expects firms to update or, where appropriate pursuant to Depositor Protection 18.1, delete any existing references to the DGS in advertising materials, where changes in PRA rules mean the information is either no longer accurate or permitted. ~~Refer to Chapter 12 in respect of changes to the deposit protection limit. Refer to Chapter 13 in respect of the UK's withdrawal from the EU.~~

...

4 Marking eligible deposits and accounts and transitional issues

² Directive 94/19/EC of the European Parliament and of the Council of 30 May 1994 on deposit guarantee schemes: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31994L0019:EN:HTML>

...

Requirement to mark eligible deposits

4.2 Depositor Protection 11.1 sets out that a firm must mark eligible deposits in a way that allows for immediate identification of such deposits. The PRA considers that firms can meet this requirement in a number of ways, including but not limited to:

- (a) marking eligible (and/or ineligible) deposits at core systems level (ie flagging at account level);
- (b) a separate file showing eligible (and/or ineligible) deposits; or
- (c) using the Single Customer View (SCV) file and ~~exclusions file~~ exclusions view file.

4.3 For the purposes of meeting Depositor Protection 11.1, the PRA considers the marking of eligible deposits may be achieved by marking accounts of eligible depositors which contain eligible deposits. For the avoidance of doubt, where such an account has a nil balance, or the balance becomes negative, the PRA does not expect firms to remove the eligible deposit marker.

...

4.5 In both options 4.2(b) and 4.2(c), the expectation is for files to be produced or updated on a rolling daily basis or where no rolling daily files are updated or produced, capable of being generated immediately following any request from the PRA or the FSCS. Such an approach to SCV and ~~exclusions file~~ exclusions view file under 4.2(c) is not a requirement under the depositor protection rules, but is an option for firms to use to meet Depositor Protection 11.1. The requirements around the timing and content of SCV and ~~exclusions file~~ exclusions view file production remains as specified in the relevant rules.

4.6 ~~During the transition period⁵, a firm may use a file that is produced daily but takes 72 hours to be produced as long as they are able to provide the details of any eligible and/or ineligible deposits not included in the file the day following any request.~~ Deleted.

...

4.8 ~~If firms wish to use option 4.2(c) to meet the marking requirement, the PRA expects that firms, by 3 July 2015, have updated their SCV files to remove all ineligible deposits and include newly eligible deposits (including the eligible deposits of large corporates and small local authorities). Such an approach is not a requirement under the PRA transitional rules, but is an option for firms to use to meet Depositor Protection 11.1. Alternatively, the PRA considers it acceptable for firms to use a combination of options. For example, options 4.2(a) and 4.2(b) could be used for newly eligible deposits such as large corporate deposits and option 4.2(c) for all other eligible deposits. The requirements around the timing and content of SCV and exclusions file production remains as specified in the relevant rules.~~ Deleted.

...

Requirement to mark eligible accounts

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⁵— The 'transition period' in Chapter 4 and paragraphs 8.2 and 8.8 refers to the time between 3 July 2015 when most depositor protection rules (with the exception of rules in Depositor Protection 12–15) took effect and 1 December 2016 (when rules in Depositor Protection 49–52 ceased to have effect and rules in Depositor Protection 12–15 took effect).

4.13 The PRA considers that firms can meet the Depositor Protection 13.2 requirements set out above in a number of ways, including but not limited to:

- (d) marking relevant natural person and SME accounts at core systems level (ie flagging at account level);
- (e) a separate file showing relevant accounts; or
- (f) using the SCV and ~~exclusions file~~ exclusions view file (to meet requirement 4.12(i) only).

...

4.16 Requirement 4.12(ii) cannot be met by 4.13(c) as SCV files and ~~exclusions file~~ exclusions view files do not capture non-eligible deposits.

...

Information requirements during transition period

4.19 Depositor Protection 11 sets out a number of information requirements firms are expected to meet. Depositor Protection 11.3 and 11.4 require that firms upon receipt of a request must be able to provide the FSCS with the aggregated amounts of eligible deposits of each and every depositor. Depositor Protection 11.5 and 11.6 require that a firm upon receipt of a request must be able to provide the FSCS with all information necessary to enable the FSCS to prepare for the payment of compensation and that they must provide this information to the FSCS to enable the FSCS to pay compensation within the applicable time period. ~~Deleted.~~

4.20 The PRA expects that firms would meet the above requirements through the use of an SCV file and ~~exclusions file containing all eligible depositors.~~ Deleted.

4.21 During the transition period when Depositor Protection 11 applies, where firms may not have yet included the eligible deposits of large corporates or small local authorities in their SCV files or where firms do not yet have an SCV file, the PRA expects these firms to give consideration to what information would be needed by the FSCS in a failure scenario.⁶ Firms should be capable of demonstrating they have a plan in place to obtain the necessary information to meet the requirements, should they receive a request from the FSCS or PRA. Deleted.

4.22 For example, where a firm currently has insufficient information to report the aggregate amount for their large corporate deposits and small local authority deposits on an individual legal entity basis, the PRA expects the firm to have a plan in place for how they would obtain this information upon receipt of a request from the FSCS or PRA. Deleted.

...

4.24 For the avoidance of doubt, firms are not required to collect this information to meet the requirements ahead of such a request, only to have a credible plan in place to do so in the event of a request. The PRA reserves the right to request firms do implement the plan where it is required, for example, if the PRA is contingency planning for the event of failure of the firm. Deleted.

4.25 Regarding Depositor Protection 11.5 and 11.6, the PRA considers that the FSCS may request this information at any time, although during the transition period the PRA would not expect such a request to be made as a matter of course. Deleted.

⁶ Refer to footnote on p.6.

~~4.26 Regarding Depositor Protection 11.6, the PRA expects that the timeline for delivery of the relevant information to FSCS will be subject to supervisory judgement and depend on the nature and complexity of the firm and the given scenario. Deleted.~~

...

6 Dormant accounts — information requirements Deleted.

~~6.1 Dormant Account Scheme 27.2 sets out that a firm must, following a request from the PRA or FSCS, provide the FSCS with all information it holds relating to the dormant accounts it has transferred to a dormant account funds operator which is necessary to enable the FSCS to prepare for the payment of compensation.~~

~~6.2 The information that the PRA expects a firm to provide to the FSCS following a request should include, where held, the following in respect of each eligible claimant:~~

- ~~• the claimant's name;~~
- ~~• the claimant's date of birth;~~
- ~~• the claimant's address;~~
- ~~• the details of the account from which the dormant account balance was transferred including the account number and sort code; and~~
- ~~• the eligible dormant account balance.~~

~~6.3 For the avoidance of doubt, the PRA does not expect firms to take steps to contact dormant account holders where information set out above is not held. The PRA does not expect firms to provide records in a particular format.~~

~~6.4 The PRA does not expect firms to provide aggregate protected dormant account balances per depositor to the FSCS.~~

7 Calculation of levies

~~7.1 Depositor Protection 43 sets out the PRA's rule for calculating the FSCS tariff base for deposit-takers (the Class A tariff base). Depositor Protection 43.2 requires firms to do this calculation on the basis of covered deposits from the SCV file. Depositor Protection 43.1 requires firms to include the total balance of deposits in any account which holds funds to which the account holder is not absolutely entitled, or which are safeguarded funds, under the rules. Any funds which the firm has confirmed are not covered deposits may be excluded.~~

...

~~7.4 For deposit takers newly within scope of the FSCS following the UK's withdrawal from the EU, refer to Chapter 13. Deleted.~~

8 Single Customer View

Submission requirements

8.1 Depositor Protection 12.1 and 12.2 set out that a firm must provide an SCV file and an ~~exclusions file~~ exclusions view file to the PRA or the FSCS within 24 hours of a deposit becoming an unavailable deposit or request by the PRA or the FSCS. The PRA considers that the beginning of the 24-hour period can be taken as the end of the business day on which the request was made. The PRA or the FSCS may request the submission of an SCV file and ~~exclusions file~~ exclusions view file at any time, including as part of the business as usual review programme. As such, firms should be ready and able to submit SCV and ~~exclusions files~~ exclusions view files to the PRA and FSCS upon request, and within the time period set out in the depositor protection rules.

8.2 ~~Depositor Protection 50.7 allows a firm with fewer than 5,000 eligible accounts to continue to opt out of the electronic elements of SCV requirements during the transition period. There is no such opt out following the transition period.~~ The PRA considers that firms may meet Rules 12.4, 12.7, ~~50.5 and 50.6~~ using a range of options based on their size and volume of deposits/accounts, including externally provided SCV systems, internal bespoke SCV systems, or widely available spreadsheet software (eg Excel), as long as in all cases the rule requirements are met, including the automatic identification of covered deposits.

Keys and codes

8.3 Depositor Protection 14.5~~7~~ sets out that firms must provide information on any keys or codes used by the firm internally. These keys and codes can provide useful information for the FSCS on how different accounts should be treated, including whether there is any reason why the account is not fit for straight through payout. For example, this could be the case if a depositor needs a letter in a different format or if post sent to the depositor's house was returned because the depositor was no longer at that address. The PRA expects firms to consider the purpose for which the FSCS will use this information and consider what information the FSCS may find useful.

Definition of material change

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8.5 The PRA considers that minor changes to a firm's SCV system (such as to achieve the SCV changes outlined in Depositor Protection Chapter 50) would not constitute a material change to the SCV system. However, the full implementation of the SCV changes required under Depositor Protection Chapter 12, or significant steps towards this, would be considered a material change. Similarly, the full implementation of the marking requirements under Depositor Protection Chapters 11 and 13 would be considered a material change to systems to satisfy marking requirements. ~~Deleted.~~

8.6 A similar interpretation applies in relation to Depositor Protection 15.2, where a material change in a firm's Continuity of Access (CoA) systems includes any change that would have a material impact on the firm's CoA systems. For example, a merger or acquisition of a deposit book and/or an IT upgrade that impacts the SCV file. ~~Deleted.~~

8.7 Depositor Protection 14.3, ~~and 15.3, 49.4 and 51.4~~ set out that a firm must notify the PRA and the FSCS within three months of a material change to its systems to meet marking, ~~and~~ SCV, ~~and~~ CoA requirements, including an attestation from the firm's governing body that its systems are compliant with the relevant PRA requirements. The PRA considers that the full implementation of marking requirements in Depositor Protection Chapter 11; the full implementation of the SCV requirements in Depositor Protection Chapter 12; and the full implementation of CoA requirements in Depositor Protection Chapter 13 would each constitute a material change. The PRA and the FSCS may also request a marking effectiveness report, SCV effectiveness report, ~~and CoA report~~ at any time, and firms should be ready and able to submit such reports to the PRA and FSCS promptly upon request. The PRA may then consider if further verification of a firm's measures to meet the relevant requirements is appropriate.

8.7A The PRA considers that the implementation of ~~the an~~ adjustment to the deposit protection limit described in ~~Chapter 12~~ is not a material change for the purposes of Depositor Protection 14.3 and 15.3.

8.8 The PRA ~~expects that firms will begin to make progress towards final rules during the transition period up to December 2016. In order to ensure firms are able to implement Depositor Protection Chapters 12 to 15 ahead of the required implementation date, if so desired, the PRA considers that firms may submit SCV files and reports during the transition period compliant with Depositor Protection Chapters 50 and 51, but including the additional provisions set out in Depositor Protection Chapters 12 to 15.~~ Deleted.

SCV file format

8.9 Where firms do not hold the data required to be included in the SCV or ~~exclusions file~~ exclusions view file or the data are not applicable, corresponding fields in the SCV and ~~exclusions file~~ exclusions view file should remain empty. Even if these fields are empty, the PRA expects these fields to remain in the SCV file and the ~~exclusions file~~ exclusions view file, so that the files are standard in length. Fields should always appear in the same order set out in Depositor Protection 12.9. Completion of all fields is mandatory unless otherwise indicated (ie not applicable or not held by the firm (where not mandatory)). Firms must complete all fields where data are mandatory, or where applicable and held by the firm.

8.10 Any relevant additional information concerning data in the SCV or ~~exclusions file~~ exclusions view file, such as the unverified nature of any data, should be included in Field 36 (as set out in Depositor Protection 12.9).

...

8.12 Firms should use one of these three formats for both the SCV and ~~exclusions file~~ exclusions view file. They do not have to use the same format for each.

...

8.16 File names should follow the format FRNxxx-YYYYMMDDHHMMSSSCVFormatW.xxx for a SCV file or FRNxxx-YYYYMMDDHHMMSSSEXCFormatW.xxx for an ~~exclusions file~~ exclusions view file. Firms should insert their FRN number and the date and time that the SCV file was created. 'FormatW' should be replaced with information about what is contained within the file according to the following:

- For format one, this should be four files called 'Customerdetails', 'Contactdetails', 'Detailsofaccount' and 'Aggregatebalancedetails'.
- For format two, this should be called 'Detailsofaccount' and 'Customerandaccountinformation'.
- For format three, this should be called 'Full'.

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Secure electronic submission

8.18 Depositor Protection 12.4 specifies that the SCV and ~~exclusions files~~ exclusions view files should be sent by secure electronic transmission. This can be via Secure File Transfer Protocol (SFTP) or via web portal upload. The details of both methods are available through the FSCS website.

Name

8.19 When completing the SCV or ~~exclusions file~~ exclusions view file, firms should consider the forename and surname fields as mandatory for natural persons. For companies, only the surname field is mandatory.

National identification (ID)

8.20 Where firms hold identification numbers for depositors on file, they should include this in the SCV or ~~exclusions file~~ exclusions view file under field 11 in Depositor Protection 12.9. Where a firm holds identification numbers other than the National Insurance number or passport number of the depositor, the firm should explain what type of identification number it holds and provide the unique number. Examples of national ID include a photocard national identity card or a driving licence.

Country where account is domiciled

8.21 Field 39 in Depositor Protection 12.9 requires firms to provide information in the SCV or ~~exclusions file~~ exclusions view file on the location of the branch where the account is held. This may be different to the country where the depositor has their address. ~~After the end of the transition period associated with the UK's withdrawal from the EU, deposits are only eligible if they are held by a DGS member in an establishment in the UK (or a UK firm's establishment in Gibraltar). Firms with only UK branches should indicate that the deposits are held in the United Kingdom using ISO 3166-1 ('GBR'). Eligible deposits held in a Gibraltar branch should be marked ('GIB').~~

Format of ~~exclusions file~~ exclusions view file

8.22 For inactive accounts, ~~or beneficiary accounts, or accounts holding safeguarded funds,~~ the PRA expects firms to use the same format as the SCV file structure and provide the same information as required for the SCV file.

8.23 For beneficiary accounts and accounts holding safeguarded funds, the PRA expects firms to supply details of the contact for the client/trust account, rather than the underlying beneficiary.

Dormant accounts

8.24 Dormant accounts that meet the definition in the Dormant Banks and Building Societies Accounts Act 2008 should be placed in the ~~exclusions file~~ exclusions view file. The PRA would expect all such accounts, even if not transferred to a dormant account provider, to be excluded from the SCV file.

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Calculating interest

8.26 Depositor Protection 5.9 sets out the requirements for calculating interest. The PRA expects firms to apply the interest accrued to date regardless of the date that it is usually credited to balances in the SCV and ~~exclusion file~~ exclusions view file.

...

Balances

8.28 Accounts which may contain eligible deposits but are in negative balance should also be recorded in the SCV file and ~~exclusions file~~ exclusions view file. Fields 42, 45, and 47 of the file should record a negative balance with a '-' preceding it. Field 42 and 45 should reflect any interest due to be paid by the depositor. Field 48 should list a zero balance for accounts in negative balance. Fields 50 and 51 are just in relation to positive balances, so any accounts with negative balances should not be included in calculations related to these fields.

8.29 The aggregate balance and compensatable amount in the SCV file should be calculated in relation to the accounts included in the SCV file only. The aggregate balance and compensatable amount in the exclusions view file should be calculated in relation to accounts included in the exclusions view file only.

...

9 In-flight transactions

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Principles

9.9 All payments for which funds have been received by the depositor's firm intraday should be reflected on the depositor's accounts and therefore in the account balance field in the SCV or ~~exclusions file~~ exclusions view file by close of business.

...

9.12 Depositor Protection 12.14 states that payments debited from a depositor's account should be excluded from the SCV and ~~exclusions file~~ exclusions view file regardless of whether the firm has sent the value itself. However, where possible, payments debited that have not yet been entered into the payment system should be reapplied to a depositor's account. For example, amounts debited may have been credited to a suspense account. This will then form part of a depositor's compensation balance in the SCV or ~~exclusions file~~ exclusions view file.

...

Relationship with payment schemes

9.15 The PRA recognises that ~~both CoA and~~ in-flight transactions may carry implications for firms' relationships with payment schemes. The Bank is working closely with UK payment systems and their members to identify practical issues that banks' interaction with payment systems could raise when we are seeking to resolve a member bank. Other than the in-flight transaction treatment rules, there are no direct requirements on firms to develop additional measures in terms of payment systems in relation to the Depositor Protection requirements ~~other than a general expectation that access to accounts being transferred through CoA and payment instructions associated with these accounts should be maintained so that payments can continue to be made during and following resolution.~~

~~10 – Continuity of Access Deleted.~~

~~10.1 This chapter sets out additional details on how a deposit book transfer in resolution might work to set the PRA's expectations in context and provide more information for firms as to how systems changes may be used. The PRA would expect the rules in Depositor Protection Chapters 11 to 15 to be read alongside this chapter. Refer also to paragraph 11.5.~~

~~10.2 The PRA's rules in Depositor Protection Chapters 12 and 13 set out systems requirements that will facilitate continued access to accounts for eligible depositors, including the ability to make payments, where accounts are transferred from a failed firm to another financial institution.~~

~~10.3 It is possible that deposits that are not covered by the FSCS may not be transferred and would be dealt with as claims in the insolvency or administration of the failed firm. This follows the same expectation as the bank or building society insolvency procedure (BIP/BSIP) or administration procedure, when only eligible deposits are subject to a seven-day payout by the FSCS.~~

~~10.4 Accounts that are included in the exclusions file and temporary high balances may not be transferred and instead may be paid out, as relevant, by the FSCS, in line with relevant timescales.~~

~~10.5 The PRA determines in Depositor Protection 13.8 that it should be operationally feasible for firms' systems to freeze deposit accounts that are not identified under Depositor Protection 11.1 within five hours of~~

a resolution and a request of the PRA. The PRA considers that the minimum result of freezing an account should be that a customer is unable to move money into or out of the account.

Account separation

10.6 Depositor Protection 13.4 to 13.8 require firms to create and maintain systems that enable the firm to separate uncovered from covered balances and place the uncovered balances into a separate suspense or shadow account at the point of resolution and on the request of the PRA, within 48 hours. The legal ownership of the covered deposits remaining in the account will be transferred to an acquiring institution, but the deposit account remains operational on the failed bank's systems providing the depositor with continued access to their account. Subsequent to the resolution weekend, the PRA would expect the acquiring institution to over time migrate the depositors' accounts onto their own systems.

10.7 Firms may choose either to set up a single suspense account or individual shadow accounts for each account from which uncovered deposits will be transferred. Firms can choose whether they would want to create the separate accounts within the core banking system ahead of resolution or demonstrate that they have designed a system with the capability to create these features at the point of resolution. If firms decide that they wish to create shadow accounts ahead of resolution, the PRA expects firms to demonstrate good control processes and to provide appropriate assurance to manage any risks as part of CoA reporting under Depositor Protection 15.7.

10.8 The PRA expects that firms should have sufficient record keeping procedures to enable all deposit values to be reconciled effectively back to the original account and depositor. The PRA would highlight this is particularly relevant where single suspense accounts are used.

10.9 The PRA expects firms to use the information in the SCV file as the means to establish a depositor's covered and uncovered balance.

Overdrafts

10.10 Depositor Protection 13.6 and 13.7 require a firm to create and maintain systems that enable it to move negative balances in accounts which may contain eligible deposits into a separate suspense or shadow account at the point of resolution and on the request of the PRA, within 48 hours. This would leave the previously overdrawn account with a zero balance. The principles in paragraphs 10.6 to 10.9 of SS18/15 apply equally to such systems. SCV and CoA requirements in relation to accounts with a negative balance apply to the same deposit accounts that would otherwise be included in the SCV and exclusions files.

10.11 Any such movement of negative balances will depend on the circumstances of resolution, so a firm must be able to achieve the movement of deposits not forming part of the transferable eligible deposit both in circumstances where a movement of negative balances is also required and in circumstances when not, as instructed by the PRA. This optionality will support achieving a CoA transfer including overdrawn accounts to an acquiring firm (either with a negative balance or zero balance) depending on the circumstances in a resolution.

10.12 In certain circumstances, a negative balance on an account may not have previously been agreed between a depositor and a firm, for example due to an unauthorised overdraft or a cheque failing to clear. This may be a relevant factor in considering if CoA is appropriate, and therefore firms should report the maximum authorised negative balance allowable on an account in the SCV and exclusions file, in the Authorised negative balances field (field 43).

Account details in transfer

10.13 Wherever possible, to support continuity of payments, the PRA expects account details (such as the sort code, account number and debit card details) to remain unchanged at the point of resolution for an account that is transferred. The PRA would expect that as part of the migration of the accounts to the acquiring banks

systems, following the resolution weekend, it may be necessary for the acquiring bank to set up new account details.

Hierarchy of accounts

10.14 Depositor Protection 13.5 requires firms to apply a hierarchy to eligible accounts where the depositor has multiple eligible accounts and their aggregate balance is over the covered limit. Firms should ensure that all products are categorised according to the categories in Depositor Protection 13.5 to ensure the hierarchy is adhered to. Where a product could fall into several categories, it should be recorded as the highest of these categories in the hierarchy. Where a product cannot reasonably be placed into one of the categories, the 'other' category should be used.

10.15 To meet the objective of enabling CoA to deposits the hierarchy is designed to ensure continuity is maintained for accounts with the most regular transactions. The PRA expects the balance in transactional accounts to be the last to be reduced while the balance in fixed term deposits with a term of four years or more should be the first balance to be reduced (second only to accounts identified as 'other'). When classifying term products within the hierarchy, the PRA expects that firms would do this on the basis of the original term of the product rather than the term remaining.

10.16 As long as the requirements in the depositor protection rules are met, firms are free to make additional arrangements as they see fit based on other factors, such as system functionality or the preferences of depositors in relation to their accounts.

10.17 If a depositor holds several accounts within a category in the hierarchy, the PRA would expect all accounts within that category to be reduced *pari passu*.

Joint accounts

10.18 Depositor Protection 5.4 sets out the treatment of joint accounts generally. In a covered deposit transfer using CoA systems, the PRA expects the hierarchy set out in Depositor Protection 13.5 to apply in the same way to joint accounts. For example, if someone had a joint transactional account, their share of the eligible balance in the transactional account would be the last to be reduced.

10.19 If a depositor holds a joint account and a single account within a category in the hierarchy, the PRA would expect accounts within that category to be reduced *pari passu*.

11 Scope of depositor protection requirements

11.1 The Depositor Protection Part applies to all firms, except CoA rules which do not apply to credit unions.

11.2 The PRA would consider waivers or modifications to SCV and CoA rules in accordance with section 138A of the Financial Services and Markets Act 2000 (FSMA) if compliance with a rule would be unduly burdensome or would not meet the purpose for which the rule was made, and the direction would not adversely affect the advancement of any of the PRA objectives (the statutory tests).

...

11.5 The PRA has also made available two waivers by consent each which excludes firms from the scope of CoA rules for a period of three years (from Thursday 1 December 2016 to Sunday 1 December 2019 and from Monday 2 December 2019 to Thursday 1 December 2022).⁸ The conditions for the waiver, as set out in the waiver notice, are that if the firm meets any of the following three criteria a firm can apply for the waiver:

8. Full details of the criteria and more information on waivers by consent are available at <https://www.bankofengland.co.uk/prudential-regulation/Authorisations/waivers-and-modifications-of-rules>.

- ~~(i) the firm had more than £15 billion in total assets on the relevant measurement date;~~
- ~~(ii) the firm had both of the following on the relevant measurement date:
 - ~~(a) less than £2 billion in covered deposits, and~~
 - ~~(b) fewer than 150,000 depositors; or~~~~
- ~~(iii) the firm is an overseas firm that is not an incoming firm and has a Part 4A permission that includes accepting deposits. (Note: following IP completion day, this criteria will apply to all overseas firms (including those of EEA firms) with a Part 4A permission to accept deposits).⁹ Deleted.~~

12 Changes in the deposit protection limit Deleted.

12.1 Deleted.

~~12.1A This chapter sets out the PRA's expectations around changes to the Depositor Protection Part arising from the change to the deposit protection limit. The expectations below relate to the change in the limit from £75,000 to £85,000 in January 2017.¹⁰ The requirements for a UK branch of a 'euro firm' are not affected.¹¹~~

Transitional

~~12.1B Resetting the deposit protection limit requires consequential changes to firms' disclosure materials, advertising materials and SCV/CoA systems to reflect the new deposit protection limit. The PRA recognises that it will take time for some firms to amend their materials and systems, so it has provided firms with a five month transitional period until 30 June 2017 to fully implement the changes.~~

~~12.1C The PRA expects firms to make these changes as soon as practicable after 30 January 2017 (and in any event on or before 30 June 2017). Making the changes as soon as possible will minimise the number of depositors provided with materials that reference the old £75,000 deposit protection limit and reduce the need for manual intervention of a firm's SCV file by the FSCS should a firm fail in the transitional period.~~

Posters and stickers

12.2 Deleted.

~~12.2A Annex 2 of the Depositor Protection Part requires amended posters and stickers which refer to the new £85,000 deposit protection limit to be displayed in branches and on websites as soon as practicable after 30 January 2017 and in any event on or before 30 June 2017.¹² Until such time, the PRA expects firms to continue to display the existing posters and stickers (referring to £75,000 in the form set out in Annex 2 of the Depositor Protection Part).~~

Information sheet and exclusion list

12.3 Deleted.

⁹ The UK's membership of the EU came to an end on Friday 31 January 2020. The UK entered into a transition period which lasted until 11pm on Thursday 31 December 2020, during which EU law continued to apply to the UK. 11pm on Thursday 31 December 2020 is defined in UK law as 'IP completion day'.

¹⁰ PRA Policy Statement 1/17 'Deposit protection limit' January 2017: <https://www.bankofengland.co.uk/prudential-regulation/publication/2016/deposit-protection-limit>.

¹¹ A 'euro firm' is an incoming firm that is a credit institution of an EEA State that has adopted the euro or that does not convert into their national currency the amount referred to in Art 6(1) of the DGSD, pursuant to Article 6(5) of the DGSD.

¹² Updated templates for the posters and stickers are available on the FSCS's website: www.fscs.org.uk.

12.3A The PRA expects that the information sheet provided for acknowledgment purposes at account opening to reflect the new deposit protection limit as soon as practicable after 30 January 2017 and in any event on or before 30 June 2017.

12.3B The exclusions list in Annex 3 of the Depositor Protection Part requires some of the extra language supporting the 2015 implementation of the DGSD to be deleted as of 1 January 2017. The PRA considers it acceptable for firms to make those changes to the exclusions list at the same time as it makes the changes to its information sheet to reflect the new £85,000 deposit limit (after 30 January 2017).

12.4 Deleted.

12.4A The PRA does not expect firms to change their existing annual information sheet cycles.

12.5 The PRA expects firms should ensure that their systems are flexible enough to accommodate further limit changes should this be required at a future date.

Other references

12.6 Deleted.

12.6A For the avoidance of doubt, the PRA expects firms to update all relevant references to the deposit protection limit (not only where prescribed in PRA rules) as soon as practicable after 30 January 2017 and in any event on or before 30 June 2017. This includes advertising materials, product literature, website references, etc.

12.6B The PRA has provided flexibility for firms to update distribution channels, different materials and individual brands at different times. The PRA encourages firms to consider the possibility that depositors may receive conflicting information and expects firms to ensure messaging is consistent, as far as practicable.

Informing depositors

12.7 Deleted.

12.8 Deleted.

12.8A The PRA expects firms to train customer facing staff to answer questions from customers about the change in the deposit protection limit by 30 January 2017 or as soon as practicable after 30 January 2017, regardless of when a firm's written materials are amended. At a minimum, the PRA considers this training should include:

- what the limit is changing to and when;
- who is, and is not, protected; and
- what are the implications for depositors with aggregate eligible deposits over the new deposit protection limit.

12.9 Deleted.

12.9A Until such time as staff training is completed, the PRA expects firms' staff to direct customers to the FSCS website in the first instance.

Identifying small corporate depositors

12.10 Deleted.

~~Single Customer View (SCV) and Continuity of Access (CoA) systems~~

~~12.11 Deleted.~~

~~12.11A The PRA expects firms to make changes to their SCV and CoA systems to ensure the compensatable amount (and transferable eligible deposit, if the CoA rules are applicable to the firm) as soon as practicable after 30 January 2017 and in any event on or before 30 June 2017.~~

~~12.11B If a firm were to fail after 30 January 2017 but had made use of the transitional period and not yet updated its systems to reflect the deposit protection limit change, depositors are still protected to the £85,000 limit. The FSCS's processes will be amended to ensure this protection during the transitional period.~~

~~Depositors with aggregate eligible deposits above £75,000~~

~~12.12 to 12.27 Deleted.~~

~~13 UK withdrawal from the EU Deleted.~~

~~13.1 This chapter sets out the PRA's expectations around changes to the Depositor Protection Part as a result of the UK's withdrawal from the EU.~~

~~13.2 From IP completion day, the scope of FSCS protection has been amended to protect eligible deposits held by deposit takers with FSMA Part 4A permission to accept deposits, only where those deposits are held by UK establishments of such firms (or by UK firms' establishments in Gibraltar).~~

~~13.3 Due to the importance of depositor protection, the PRA is requiring new DGS members (firms that from IP completion day are granted, or deemed to have, Part 4A permission to accept deposits at an establishment in the UK) to comply with the Depositor Protection Part immediately upon IP completion day.~~

~~Single Customer View~~

~~13.4 Depositor Protection Chapter 12 requires DGS members (including new DGS members) to be able to provide SCV and exclusions view files within 24 hours of a request by the PRA or FSCS, or within 24 hours of deposits becoming unavailable. It also requires firms to provide the FSCS with SCV and exclusions view files within three months of being granted or deemed a Part 4A permission to accept deposits.~~

~~13.4A The PRA expects firms to comply with applicable data protection requirements when providing SCV and other data to the FSCS or PRA. Firms are expected to factor such requirements into their plans and systems to deliver information under the Depositor Protection Part.~~

~~13.5 Firms with existing Part 4A permissions prior to IP completion day will need to revise their SCV systems to remove deposits that are no longer eligible, namely deposits held by UK firms' branches located in the EEA.~~

~~13.6 Chapter 8 of this SS provides further expectations regarding the SCV.~~

~~Informing depositors~~

~~13.7 Chapter 3 of this SS provides expectations regarding customer disclosure. The following expectations are specific to the UK's withdrawal from the EU.~~

~~Deposits held by UK establishments~~

~~New customer disclosure and acknowledgements~~

~~13.8 Depositor Protection 16 requires all DGS members (including new DGS members as of IP completion day) to provide up to date information sheets and exclusions lists in prescribed form to intending depositors and to obtain an acknowledgment of receipt from the intending depositor, before entering into a contract on deposit-taking.~~

13.9 A new exclusions list has been included in Annex 3 of the Depositor Protection Part.

13.10 As noted in paragraphs 3.3 and 3.9, Depositor Protection 16 applies when the deposit is held by the firm in a UK establishment or by a UK firm's Gibraltar establishment.

Disclosure to existing depositors

13.11 Depositor Protection 17.3 requires new DGS members (firms that are becoming new DGS members immediately upon IP completion day under the Temporary Permission Regime or Supervised Run-off Regime) to provide a revised information sheet and exclusions list to existing depositors with deposits held in a UK establishment within two months after IP completion day.

13.12 The provision of the information sheet and exclusion list required by Depositor Protection 17.3 will also count for the purposes of the obligation under Depositor Protection 17.1 to provide that information annually, and accordingly will 'reset' the annual obligation.

13.13 Depositor Protection 17.1(3) applies when the deposit is held by the firm in a UK establishment (or by a UK firm's Gibraltar establishment).

Posters and stickers

13.14 The Depositor Protection Part requires firms to display posters and stickers which refer to FSCS protection to be displayed in branches and on websites. The PRA expects new DGS members to remove previous posters and stickers (that referred to coverage by home DGSs) and meet the requirements in respect of the updated materials reflecting FSCS coverage on the day following IP completion day.¹³

Staff Training

13.15 The PRA expects new DGS members to train customer facing staff to answer questions from customers about the fact that the FSCS is now providing depositor protection for deposits held by the DGS member at a UK establishment.

Deposits held by UK firms' EEA branches

13.16 From IP completion day, deposits held by UK firms' establishments outside the UK will not be protected by the FSCS.

Information about removal of FSCS protection

13.17 Depositor Protection 20.3 requires UK firms with establishments in the EEA, whose deposits will no longer be protected by the FSCS following IP completion day, to notify affected depositors within one month beginning on the day following IP completion day. Firms should not send these notifications before IP completion day.

Other references

13.18 The PRA expects both UK firms with establishments in the EEA and new DGS members to update all relevant references to depositor protection to reflect the new scope of protection.

Levies

13.19 As a result of falling within the scope of the FSCS, EEA firms that have Part 4A permission (or deemed Part 4A permission) with effect from IP completion day will have joined the FSCS part way through a levy year. These firms will be required to pay levies in respect of FSCS base costs for the current year, and other FSCS levies (eg, compensation cost levies) starting with the FSCS's next levy year. This is not a change in policy, but how the FSCS levy rules in the PRA Rulebook apply in light of IP completion day occurring part way through a levy year.

¹³ Updated templates for the posters and stickers will be available on the FSCS's website: www.fscs.org.uk.

5: Draft amendments to Statement of Policy Deposit Guarantee Scheme

In this appendix, new text is underlined and deleted text is struck through.

...

3 Duties of the FSCS

...

Co-operation with other Member States' DGS

10. ~~Depositor Protection 26.4 sets out that the FSCS must have co-operation agreements with other Member States' DGS. A template for such co-operation agreements should be reviewed by the PRA. Any material changes to the template should also be submitted to the PRA for review. Deleted.~~

...

4 Paying compensation

Pension schemes

12. Depositor Protection 6.4 clarifies that certain types of pension, including the occupational pension schemes of micro, small and medium-sized enterprises, where the schemes are money purchase schemes, are to be compensated on the basis that each member has a separate entitlement to compensation. The deposits of occupational pension schemes of large enterprises are not eligible deposits ~~under the Deposit Guarantee Scheme Directive (DGSD), and cannot therefore attract FSCS protection.~~

...

Paying compensation to a person other than the depositor

14. Depositor Protection Chapter 6 (paying compensation) allows the FSCS to pay compensation to a person other than the depositor (or to a person other than the person who is absolutely entitled to the deposit) in certain circumstances. The PRA considers examples of the circumstances covered by these rules to be:

- (a) when personal representatives are entitled to receive compensation on behalf of the deceased;
- (b) when trustees are entitled to receive compensation on behalf of beneficiaries (for further provisions relating trustees entitlement to compensation, see Depositor Protection 6.3 to 6.6);
- (c) when the donee of an enduring power of attorney or a lasting power of attorney is entitled to receive compensation on behalf of the donor of the power;
- (d) when the Court of Protection is entitled to receive compensation on behalf of a person incapable by reason of mental disorder of managing and administering his property and affairs; ~~and~~
- (e) when a depositor dies before receiving compensation; and

(f) When e-money is safeguarded in a credit institution.

...

Timing for compensation

23. Depositor Protection 9.4 sets out the circumstances in which the FSCS may defer payment of compensation beyond the time period set out in Depositor Protection 9.3, ~~consistent with the recast DGSD.~~ The PRA expects that the FSCS should aim to pay out these deposits within three months where possible. The PRA recognises that circumstances where it may not be possible for FSCS to pay out within this timeframe may include:

(a) where the deposit remains subject to legal dispute after three months;

(b) where the deposit remains subject to restrictive measures imposed by national governments or international bodies; and

(c) where there remains uncertainty as to whether a person is entitled to receive compensation, or as to the amount of compensation due, despite investigation by the FSCS.

...

5 Compensation for temporary high balances

...

Application

26. The PRA considers that the THB protection limit in Depositor Protection 4.3 applies to each depositor on a 'per event per authorised entity' basis and is intended to apply to natural persons only and not all eligible depositors. Where the depositor is a trust, the PRA considers that it is the underlying beneficiary that is required to be a natural person and references to 'depositor' should be read to mean the beneficiary who is absolutely entitled to the deposit (under a bare trust) or who has benefited from the exercise of discretion (under a discretionary trust). As a result, if a person has eligible deposits in excess of £85,000 as a result of more than one of the life events set out in Depositor Protection 10.2, that person may make a claim for compensation in respect of both of those events and the limit in Depositor Protection 4.3 would apply separately to each event. For example, if a depositor had a deposit of £750,000 from an inheritance and a deposit of £750,000 from a house sale, then they would be able to claim up to £750,000 in each case.

...

28. Depositors in a joint account will each benefit from THB coverage separately, although they will only benefit from this if they are able to demonstrate that the THB arises from a relevant life event and provide verification. Each joint account holder will also only be able to claim for the proportion of the THB deposit to which they are entitled (in accordance with the terms of the account or equally, where the terms of the account do not specify the split). For example, where £2 million (which is the proceeds of sale from the depositor's house) is deposited in a joint account which is owned equally by a couple, each will be entitled to claim up to £1 million. If only £1 million is deposited, each can claim up to £500,000. For the avoidance of doubt, as noted above, each depositor can claim on a 'per event per authorised entity' basis meaning that a couple is entitled to a claim of up to £1 million each for the same life event (eg wedding or redundancy) per authorised entity. If a joint account holder dies, the FSCS protection limits of the surviving account holders is increased by an amount calculated by dividing between the surviving account holders the limit applied to the deceased account holder at the date of death. This means that if the deceased account holder was subject to a

THB at the date of their death, the surviving account holder would benefit from that THB protection for a period of 6 months from the date of death. The table below sets out some examples:

Joint account. One depositor dies before bank fails:

<u>Depositors</u>	<u>Amount of Deposit in Joint Account</u>	<u>FSCS protection limit</u>
<u>2 depositors (£3 million total) deceased depositor has THB protection of £1 million for a 10.2 THB event.</u>	<u>£85,000</u> <u>£1.5 million</u>	<u>Surviving depositor is entitled to £1.085 million FSCS protection</u> <u>(£1 million THB protection + £85,000)</u>
<u>2 depositors (£3 million total) each with THB protection of £1 million for different 10.2 THB events.</u>	<u>£1.5 million</u> <u>£1.5 million</u> <u>But amounts for both attributed to a different 10.2 THB event that has a £1 million limit</u>	<u>Surviving depositor is entitled to £2 million FSCS protection</u>

Joint account with 3 Depositors (assume equal split). One depositor dies before bank fails:

<u>Depositors</u>	<u>Amount of Deposit in Joint Account</u>	<u>FSCS protection limit</u>
<u>3 depositors (£1.67 million total) deceased depositor has THB protection of £1 million for a 10.2 THB event.</u>	<u>£85,000</u> <u>£85,000</u> <u>£1.5 million</u>	<u>Surviving depositors are each entitled to £585,000 FSCS protection</u> <u>(£500,000 THB Protection + £85,000)</u>
<u>3 depositors (£6M total) each with THB protection of £1 million for different 10.2 THB events.</u>	<u>£2 million</u> <u>£2 million</u> <u>£2 million</u> <u>But amounts for all depositors attributed to a different 10.2</u>	<u>Surviving depositors are each entitled to £1.5 million FSCS protection</u> <u>(£1 million + 500,000)</u>

	<u>THB event that has a £1 million limit)</u>	
--	---	--

Joint account with 3 Depositors (assume equal split). Two depositors die before bank fails:

<u>Depositors</u>	<u>Amount of Deposit in Joint Account</u>	<u>FSCS protection limit</u>
<u>3 depositors (£3.085 million total) deceased depositors have THB protection of £1 million for different 10.2 THB events.</u>	<u>£85,000</u> <u>£1.5 million</u> <u>£1.5 million</u>	<u>Surviving depositor is entitled to £2.085M FSCS protection</u> <u>(£1M THB protection + £1M THB protection + £85,000)</u>
<u>3 depositors (£6 million total) each with THB protection of £1 million for different 10.2 THB events.</u>	<u>£2 million</u> <u>£2 million</u> <u>£2 million</u> <u>But amounts for all three depositors attributed to a different 10.2 THB event that has a £1 million limit)</u>	<u>Surviving depositor is entitled to £3 million FSCS protection</u> <u>(£1 million THB protection + £1 million THB protection + £1 million THB protection)</u>

29. Under Depositor Protection 10.7, the protection for THBs runs for a period of ~~twelve~~ ^{six}¹ months from the later of the first date on which a THB is credited to a depositor’s account ~~(or to a client account on a person’s behalf) or and~~ the first date on which the THB becomes legally transferable to the depositor, or in the case of a trust, the depositor or the beneficiary. The PRA considers that a deposit becomes legally transferable to a person at the point in time when that person becomes entitled to receive the money. This is likely to include the date of grant of probate, the date of completion of a residential property sale or the date on which a judgement is made awarding damages.

What types of THB deposits are protected?

...

(2) Deposits that fall under Depositor Protection 10.2(2)

¹ Policy Statement PS19/20 ‘Financial Services Compensation Scheme – Temporary High Balances Coverage Extension’ August 2020, set out that the THB coverage period was increased from 6 months to 12 months up until, and including, 31 January 2021 and would revert back to 6 months on Monday 1 February 2021.

36. The PRA considers that the following deposit types would benefit from THB protection:

...

(b) a claim for compensation for personal (including criminal) injury. This may include personal injury compensation payments or damages for incapacity or invalidity (made in court (by Her Majesty's Courts and Tribunal Services or by an equivalent non-UK court ~~European Economic Area (EEA) court~~) or out of court, or from a statutory body);

...

(d) a claim for wrongful conviction. This may include compensation for wrongful conviction resulting from decisions made by Her Majesty's Courts and Tribunal Services or by an equivalent non-UK court ~~EEA court~~;

...

The FSCS's role in verifying THBs

39. Following the default of a firm (ie where a determination has been made that deposits are unavailable), the PRA expects that the FSCS will review the SCV file and the exclusions view file of the firm and write to depositors with aggregated deposits at the firm in excess of £85,000 to inform them that they, or where the depositor is a trustee, the beneficiary, may be entitled to additional compensation if they hold any deposits that qualify as temporary high balances and can provide evidence verifying this.

...

Examples: In the examples below it is assumed that a depositor's £100,000 inheritance has been credited to bank A. Where the deposit is held on trust for beneficiaries who are entitled to claim for a THB, references to the depositor being able to claim compensation should be read as references to the beneficiary.

(a) If the depositor transfers £50,000 to bank B, the PRA considers that the depositor should be able to claim up to £50,000 from the FSCS for each amount (in addition to the standard £85,000 compensation per bank) should both banks fail within ~~twelve~~ six months from the date at which the £100,000 was credited to bank A.

(b) If the depositor withdraws £100,000 from bank A, and A fails within ~~twelve~~ six months of the date at which the original £100,000 inheritance was credited to A, and the depositor still has aggregate deposits of £100,000 remaining in the account, then the PRA expects that the depositor should be able to claim £15,000 THB compensation.

...

Limits in compensation payable

47. Depositor Protection 4.3 sets out that, for THB claims for sums paid in respect of personal injury or incapacity claims, there is no limit to the compensation payable for THBs. The PRA expects that deposits falling under this category would include sums paid in respect of:

(a) claims for compensation for personal (including criminal) injury under Depositor Protection 10.2(2)(b) which may include personal injury compensation payments or damages for incapacity or invalidity (made in court (by Her Majesty's Courts and Tribunal Services or by an equivalent non-UK court ~~EEA court~~) or out of court, or from a statutory body);

...

Payment of compensation for THBs

...

50. In addition to the payment of compensation in respect of funds held on trust, the FSCS may also pay compensation in accordance with Depositor Protection 10.6, ~~the FSCS may pay compensation~~ in respect of a temporary high balance to a person who makes a claim on behalf of another person in certain circumstances. Examples of circumstances in which the FSCS may decide to pay compensation in respect of a THB to a person who makes a claim on behalf of another person include:

...

~~(b) where a solicitor makes a claim on behalf of clients who are entitled to money in the solicitor's client account;~~

~~(c) where trustees make a claim on behalf of beneficiaries;~~

...

6 Funding of the FSCS

...

FSCS access to mandatory contributions

54. In accordance with ~~Article 10(4) of the recast DGSD and the Deposit Guarantee Scheme Regulations, (1)~~ Depositor Protection 32.2 restricts the FSCS's ability to borrow an amount equal to the amount of such mandatory contributions in order to meet the liabilities of the deposit guarantee scheme. The FSCS may borrow such amounts to meet the liabilities of the DGS if the PRA determines that the FSCS is unable to raise levies from DGS members to meet those liabilities. In accordance with the Deposit Guarantee Scheme Regulations the PRA will make that determination on a case by case basis, at the time of each call on deposit guarantee scheme funds. In making this determination, the PRA expects to take into account a range of factors including the likely impact on financial stability of raising levies, as well as the amount of levies needed to be raised.

55. Depositor Protection 34.3(2) also sets out ~~the DGSD requirement~~ that regular levies imposed under Depositor Protection 34.3(1) shall take due account of the phase of the business cycle and the impact that procyclical contributions may have when setting annual contributions. In order to meet this requirement, the PRA expects the FSCS to consult the PRA before setting the timing and size of levy amounts raised.

...

6: Draft amendments to Statement of Policy

Calculating risk-based levies for the Financial Services Compensation Scheme deposits class

In this appendix, new text is underlined and deleted text is struck through.

1 Introduction

...

1.3 This SoP is intended to be read together with the rules governing the funding of the FSCS in the Depositor Protection Part of the PRA Rulebook, and the sections relating to the role of the FSCS in funding the DGS in PRA SoP, 'Deposit Guarantee Scheme',² which applies to the FSCS. ~~Readers may also wish to refer to the European Banking Authority (EBA) guidelines on risk-based contributions,³ upon which the PRA's methodology is based.~~

...

3 Calculating the aggregate risk score

...

3.4 The PRA will use the following calibration scales to attribute IRSs for each risk indicator for each DGS member that is a CRR firm in each levy cycle:

(i) Leverage ratio

Bucket	≤3% <u>≤3.25%</u>	>3% <u>>3.25%</u>
IRS	100	0

The leverage ratio will be calculated as ~~the ratio of Tier 1 Capital to total assets,³ until the leverage ratio as defined in the CRR is fully operational~~ defined in the PRA rulebook.

...

(iv) Non-performing loans (NPL) ratio

² Updated July 2015, www.bankofengland.co.uk/pra/Pages/publications/sop/2015/fscsdgsupdate.aspx.

³ 'Guidelines on methods for calculating contributions to deposit guarantee schemes'; www.eba.europa.eu/documents/10180/1089322/EBA_GL-2015_10_GL+on+Calculation+of+Contributions+DGS.pdf/92da0adb-3e16-480f-8720-94f744ea7a44.

³ Defined as row 340, column 01 of C47.00 (COREP).

Bucket (by percentile rank)	0 – 20 th	20 th – 40 th	40 th – 60 th	60 th – 80 th	80 th – 100 th
IRS	0	25	50	75	100

NPL ratio will be calculated as the ratio of non-performing loans² to total loans.³

DGS members that report FINREP F18.00 will be ranked and rated separately to other CRR firms based on whether they report FSA015, FINREP F18.00 or only FINREP F1.00 and F7.00 returns.

...

Overseas firms ~~Non-EEA branches~~

3.9 For a DGS member that is a non-EEA branch (ie which is an overseas firm that is not an incoming firm), the PRA will attribute an ARS of 50.

...

Draft for consultation

2 Defined as the sum of the following fields as firms are required to report in form FSA015: 11G, 11Q, 20B, 20D, 23B, 23D, 26B, 26D, 31B, 31C; or row 330, column 060 of F18.00 (FINREP); or row 0190 column 060, row 0190 column 070, row 0190 column 080 and row 0190 column 090 of F7.00 (FINREP).

3 Defined as field 32H as firms are required to report in form FSA015; or row 330, column 01, of F18.00 (FINREP); or the sum of rows 090, 099, 0130, 0144, 0183 as firms are required to report in form F01.01 (FINREP).

7: PRA statutory obligations

The statutory obligations applicable to the PRA's policy development process are set out below. This CP explains the policy assessment of relevant considerations.

- *For rules instruments and UK Technical Standards Instruments:* Purpose of the policy proposals (FSMA s138J(2)(b)).
- *For rules instruments and UK Technical Standards Instruments:* Cost benefit analysis (FSMA s138J(2)(a) and (7)(a)); and an estimate of those costs and benefits (if reasonable) (FSMA s138J(8)).
- *For rules instruments and UK Technical Standards Instruments:* Analysis of whether the impact on mutuals is significantly different to the impact on other authorised firms (FSMA s138J(2)(c) and 138K).
- Compatibility with the PRA's primary objectives (FSMA s138J(2)(d)(i), 2B and 2C).
- Compatibility with the PRA's secondary competition objective (FSMA s138J(2)(d)(ii) and 2H(1)).
- Compatibility with the regulatory principles (FSMA s138J(2)(d)(ii), 2H(2) and 3B).
- Have regard to the HMT recommendation letters (BoE Act s30B).
- Have due regard to the public sector equality duty (Equality Act s149).
- Have regard, subject to any other requirement affecting the exercise of the regulatory function, to the principles of good regulation and when determining general policy or principles to the Regulators Code (Legislative and Regulatory Reform Act 2006 s21 & 22).
- Have regard, so far as consistent with the proper exercise of those functions, to the purpose of conserving biodiversity. Conserving biodiversity includes, in relation to a living organism or type of habitat, restoring or enhancing a population or habitat (Natural Environment and Rural Communities Act 2006, s40).
- *For rules instruments and UK Technical Standards Instruments:* Consultation of the FCA (FSMA s138J(1)(a)).
- *For UK Technical Standards Instruments only:* FSMA s138J(1)(a) is replaced with: consultation of the FCA and/or Bank, where that Regulator has an interest in the technical standards (FSMA s138P(4) and (5)).
- *For UK Technical Standards Instruments only:* notice given to HMT of the consultation on the UKTS ('best efforts' basis).
- *For CRR rules only:* subject to certain exceptions, have regard to:
 - relevant standards recommended by the Basel Committee on Banking Supervision from time to time
 - the likely effect of the rules on the relative standing of the United Kingdom as a place for internationally active credit institutions and investment firms to be based or to carry on activities. For these purposes, the PRA must consider the United Kingdom's standing in relation to the other countries and territories in which, in its opinion, internationally active credit institutions and investment firms are most likely to choose to be based or carry on activities
 - the likely effect of the rules on the ability of CRR firms to continue to provide finance to businesses and consumers in the United Kingdom on a sustainable basis in the medium and long term
 - the target in [section 1](#) of the Climate Change Act 2008 (carbon target for 2050)
- (s144C (1) & (2) FSMA – exceptions in s144E FSMA).

-
- *For CRR rules only* – explanation of the ways in which having regard to the matters specified above has affected the proposed rules (s144D FSMA).
 - *For CRR rules only* – publication of a summary of the proposed CRR rules.
 - *For CRR rules only* – consideration and consultation with the Treasury about the likely effect of the rules on relevant equivalence decisions (s144C (3) & (4) FSMA)

Draft for consultation