

**PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS AND NON AUTHORISED PERSONS:
DEPOSITOR PROTECTION AND DORMANT ACCOUNT SCHEME (AMENDMENT No. 4)
INSTRUMENT 2015**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 213 (The compensation scheme); and
 - (4) section 214 (General).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms, Non CRR Firms and Non Authorised Persons: Depositor Protection (Amendment No. 4) Instrument 2015

- D. The PRA makes the rules in Annex A and Annex B to this instrument.

Commencement

- E. This instrument comes into force on 3 July 2015.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non CRR Firms and Non Authorised Persons: Depositor Protection and Dormant Account Scheme (Amendment No.4) Instrument 2015

By order of the Board of the Prudential Regulation Authority
3 July 2015

Annex A

Amendments to the Depositor Protection Part

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

4 LIMITS ON COMPENSATION PAYABLE

...

4.2 The maximum compensation sum payable for the aggregate *eligible deposits* of each *depositor* is ~~£85,000~~ £75,000, save that additional compensation may be payable in cases to which 4.3 applies.

...

ANNEX 1

INFORMATION SHEET (CHAPTER 16)

Basic information about the protection of your eligible deposits	
Eligible deposits in [insert name of <i>firm</i>] are protected by:	the Financial Services Compensation Scheme ("FSCS") ¹
Limit of protection:	<p>£85,000 £75,000 per depositor per bank / building society / credit union²</p> <p>[where applicable]The following trading names are part of your bank / building society / credit union:</p> <p>[insert all trading names which operate under the same licence]</p>
If you have more eligible deposits at the same bank / building society / credit union:	All your eligible deposits at the same bank / building society / credit union are "aggregated" and the total is subject to the limit of £85,000 £75,000. ²
If you have a joint account with other person(s):	The limit of £85,000 £75,000 applies to each depositor separately. ³
Reimbursement period in case of bank, building society or credit union's failure:	20 working days ⁴
Currency of reimbursement:	Pound sterling (GBP, £) or, for branches of UK banks operating in other EEA Member States, the currency of that State.
To contact [insert name of <i>firm</i>] for enquiries relating to your account:	[insert name of <i>firm</i> and contact details]
To contact the FSCS for further information on compensation:	<p>Financial Services Compensation Scheme 10th Floor Beaufort House 15 St Botolph Street London EC3A 7QU</p> <p>Tel: 0800 678 1100 or 020 7741 4100</p> <p>Email: ICT@fscs.org.uk</p>
More information:	http://www.fscs.org.uk
Acknowledgement of receipt by the depositor:	

Additional information (all or some of the below)

¹Scheme responsible for the protection of your eligible deposit

Your eligible deposit is covered by a statutory Deposit Guarantee Scheme. If insolvency of your bank, building society or credit union should occur, your eligible deposits would be repaid up to ~~£85,000~~ £75,000 by the Deposit Guarantee Scheme.

²General limit of protection

If a covered deposit is unavailable because a bank, building society or credit union is unable to meet its financial obligations, depositors are repaid by a Deposit Guarantee Scheme. This repayment covers at maximum ~~£85,000~~ £75,000 per bank, building society or credit union. This means that all eligible deposits at the same bank, building society or credit union are added up in order to determine the coverage level. If, for instance a depositor holds a savings account with £80,000 and a current account with £20,000, he or she will only be repaid ~~£85,000~~ £75,000.

[only where applicable] This method will also be applied if a bank, building society or credit union operates under different trading names. [insert name of the account holding bank, building society or credit union] also trades under [insert all other trading names of the same bank, building society or credit union]. This means that all eligible deposits with one or more of these trading names are in total covered up to ~~£85,000~~ £75,000.

In some cases eligible deposits which are categorised as “temporary high balances” are protected above ~~£85,000~~ £75,000 for six months after the amount has been credited or from the moment when such eligible deposits become legally transferable. These are eligible deposits connected with certain events including:

- (a) certain transactions relating to the depositor’s current or prospective only or main residence or dwelling;
- (b) a death, or the depositor’s marriage or civil partnership, divorce, retirement, dismissal, redundancy or invalidity;
- (c) the payment to the depositor of insurance benefits or compensation for criminal injuries or wrongful conviction.

More information can be obtained under <http://www.fscs.org.uk>

³Limit of protection for joint accounts

In case of joint accounts, the limit of ~~£85,000~~ £75,000 applies to each depositor.

However, eligible deposits in an account to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single depositor for the purpose of calculating the limit of ~~£85,000~~ £75,000.

⁴Reimbursement

The responsible Deposit Guarantee Scheme is the Financial Services Compensation Scheme, 10th Floor Beaufort House, 15 St Botolph Street, London, EC3A 7QU, Tel: 0800 678 1100 or 020 7741 4100, Email: ICT@fscs.org.uk. It will repay your eligible deposits (up to ~~£85,000~~ £75,000) within 20 working days until 31 December 2018; within 15 working days from 1 January 2019 until 31 December 2020; within 10 working days from 1 January 2021 to 31 December 2023; and within 7 working days from 1 January 2024 onwards, save where specific exceptions apply.

Where the FSCS cannot make the repayable amount available within 7 working days, it will, from 1 June 2016 until 31 December 2023, ensure that you have access to an appropriate amount of your covered deposits to cover the cost of living (in the case of a depositor which is an individual) or to

cover necessary business expenses (in the case of a depositor which is not an individual or a large company) within 5 working days of a request. Again, there are specific exceptions to this obligation.

In the case of a depositor which is a large company, where the FSCS cannot make the repayable amount available within 7 working days, it will, from 3 July 2015 until 1 December 2016, ensure that you have access to your covered deposits within fifteen working days of a request containing sufficient information to enable it to make a payment, save where specific exceptions apply.

If you have not been repaid within these deadlines, you should contact the Deposit Guarantee Scheme since the time to claim reimbursement may be barred after a certain time limit. Further information can be obtained under <http://www.fscs.org.uk>.

Other important information

In general, all retail depositors and businesses are covered by Deposit Guarantee Schemes. Exceptions for certain deposits are stated on the website of the responsible Deposit Guarantee Scheme. Your bank, building society or credit union will also inform you of any exclusions from protection which may apply. If deposits are eligible, the bank, building society or credit union shall also confirm this on the statement of account.

ANNEX 2

CONTENT OF COMPENSATION STICKER AND POSTER (CHAPTER 23)

1	The compensation stickers must contain the following statements only:
	<p>UK banks</p> <p>building societies</p> <p>credit unions</p> <p>Northern Ireland credit unions</p> <p>An overseas firm that:</p> <p>(a) is not an <i>incoming firm</i>; and</p> <p>(b) has a <i>Part 4A permission</i> that includes <i>accepting deposits</i></p>
(1)	<p>"Your eligible deposits with [insert name of firm] are protected up to a total of £85,000 <u>£75,000</u> by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the limit are unlikely to be covered.</p> <p>Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk "</p> <p>As an alternative, for <i>credit unions</i> or <i>Northern Ireland credit unions</i> that <i>accept deposits</i> under a single brand or trading name:</p> <p>"Your eligible deposits are protected up to a total of £85,000 <u>£75,000</u> by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the limit are unlikely to be covered.</p> <p>Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk "</p>
	Incoming firm that is a <i>credit institution</i>
(2)	<p>"Your eligible deposits with [insert name of firm] are protected up to a total of [insert 100,000 euro or home state equivalent] by [insert name of compensation scheme] the [insert home state of compensation scheme] deposit guarantee scheme and are not protected by the UK Financial Services Compensation Scheme. Any deposits you hold above the [insert 100,000 euro or home state equivalent] limit are unlikely to be covered.</p> <p>Please ask/click here [delete as appropriate] for further information or visit [insert website address of scheme]."</p>
2	The compensation posters must contain the following statements only:
	<p>UK banks</p> <p>building societies</p>

<p>credit unions</p> <p>Northern Ireland credit unions</p> <p>An overseas firm that:</p> <p>(a) is not an <i>incoming firm</i>; and</p> <p>(b) has a <i>Part 4A permission</i> that includes <i>accepting deposits</i></p>	
(1)	<p><i>Firms that accept deposits</i> under a single brand or trading name</p> <p>"Your eligible deposits with [insert name of firm] are protected up to a total of £85,000 <u>£75,000</u> by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the limit are unlikely to be covered.</p> <p>Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk"</p> <p>As an alternative, for <i>credit unions</i> or <i>Northern Ireland credit unions</i> that <i>accept deposits</i> under a single brand or trading name:</p> <p>"Your eligible deposits are protected up to a total of £85,000 <u>£75,000</u> by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the £85,000 limit are unlikely to be covered.</p> <p>Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk"</p>
(2)	<p><i>Firms that accept deposits</i> under multiple brands or trading names</p> <p>"Your eligible deposits with [insert name of firm] are protected up to a total of £85,000 <u>£75,000</u> by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. This limit is applied to the total of any deposits you have with the following: [insert names of brands as appropriate]. Any total deposits you hold above the limit between these brands are unlikely to be covered.</p> <p>Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk"</p>
<p>Incoming firm that is a <i>credit institution</i></p>	
(3)	<p><i>Incoming firm</i> that is a <i>credit institution</i> and <i>accepts deposits</i> under a single brand or trading name</p> <p>"Your eligible deposits with [insert name of firm] are protected up to a total of [insert 100,000 euro or home state equivalent] by [insert name of compensation scheme] the [insert home state of compensation scheme] deposit guarantee scheme and are not protected by the UK Financial Services Compensation Scheme. Any deposits you hold above the [insert 100,000 euro or home state equivalent] limit are unlikely to be covered.</p> <p>Please ask/click here [delete as appropriate] for further information or visit [insert website address of scheme]."</p>

	<p>(4) <i>Incoming firm</i> that <i>accepts deposits</i> under multiple brands or trading names</p> <p>"Your eligible deposits with [insert name of firm] are protected up to a total of [insert 100,000 euro or home state equivalent] by [insert name of compensation scheme] the [insert home state of compensation scheme] deposit guarantee scheme and are not protected by the UK Financial Services Compensation Scheme. This limit is applied to the total of any deposits you have with the following: [insert names of brands as appropriate]. Any total deposits above the [insert 100,000 euro or home state equivalent] limit are unlikely to be covered.</p> <p>Please ask/click here [delete as appropriate] for further information or visit [insert website address of scheme]."</p>
3	<p>Each of the statements in 1 and 2 must appear as written with the first and second statements on separate lines. The second statement must appear in smaller font.</p>
4	<p>In 1(1), 2(1) and 2(2), the limit figures must appear in bold font.</p>

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ANNEX 4

COVERAGE INFORMATION (CHAPTER 54)

On 1 January 2016 the deposit protection limit is changing from £85,000 to £75,000 [~~xx,000~~].

If your bank, building society or credit union fails, the Financial Services Compensation Scheme (FSCS) protects your eligible deposits up to the deposit protection limit (currently £85,000 for most depositors).¹

If you have eligible deposits of more than £75,000 [~~xx,000~~], you are unlikely to be fully protected after 1 January 2016 so you may need to take action if you wish to remain fully covered by the FSCS.

From 1 January 2016, your eligible deposits with [insert name of firm] will be protected up to a total of £75,000 [~~xx,000~~] by the FSCS. [The limit is applied to the total of your eligible deposits held with the following: insert names of brands as appropriate].

IF YOU HAVE MORE THAN £75,000 [~~xx,000~~] WITH [insert name of the account holding bank, building society or credit union and all other trading names of the same bank, building society or credit union]:

[Insert details of firm's approach in respect of fixed term deposits. For example where firms choose to adopt measures that the PRA is consulting on in CP23/15 ahead of the PRA making final rules they should set this out here. Firms may also refer to the PRA's consultation to manage the impact on depositors with aggregate deposit balances above £75,000 [~~xx,000~~].]

PLEASE CONTACT (insert firm contact details) FOR FURTHER INFORMATION ON KEEPING YOUR MONEY PROTECTED.

If you have total eligible deposits of less than £75,000 [~~xx,000~~] with [insert firm name], then you will not be affected by the limit change.

Further information regarding the protection provided by FSCS is set out below.

General limit of protection

Your eligible deposits held at the same bank, building society or credit union are added up in order to determine the coverage level. If, for instance, you hold eligible deposits in a savings account with £70,000 and a current account with £20,000, you will only be repaid £75,000 [~~xx,000~~] (or £85,000 for most depositors until 31 December 2015).

From 3 July 2015 until 31 December 2015:

The FSCS protects most depositors, including individuals and small companies, up to £85,000 until 31 December 2015.

Eligible deposits of large companies² and small local authorities³ are eligible for FSCS protection from 3 July 2015 onwards. The £75,000 [~~xx,000~~] deposit protection limit will apply from 3 July 2015 since these deposits have not previously been protected.

From 1 January 2016:

¹ Exceptions for certain deposits are stated below and on the FSCS's website: <http://www.fscs.org.uk>.

² Large company means a body corporate which does not qualify as a small company under section 382 of the Companies Act 2006

³ Small local authority means a local authority with an annual budget of up to EUR 500,000

From 1 January 2016, the FSCS will protect most eligible deposits up to a total of £75,000 [~~xx,000~~]. Any deposits you hold above the limit are unlikely to be covered.

Depositors with aggregate deposit balances over £75,000 [~~xx,000~~]

Further information will be provided to depositors on how these changes will affect depositors with aggregate balances over £75,000 [~~xx,000~~]. Please contact ([insert firm details]) or the FSCS (details below) for further information.

Temporary high balances

In some cases, an eligible deposit which is categorised as “a “temporary high balance” (for example, as a result of a house sale, inheritance, or insurance payment) may be protected to a higher limit for six months after the amount has been credited to your account or from the moment when such eligible deposits become legally transferable. This applies from 3 July 2015. See the FSCS website for full details.

Exclusions from protection

A deposit is excluded from protection if:

- (1) The holder and any beneficial owner of the deposit have never been identified in accordance with money laundering requirements. For further information, contact your bank, bank building society or credit union.
- (2) The deposit arises out of transactions in connection with which there has been a criminal conviction for money laundering.
- (3) It is a deposit made by a depositor which is one of the following:
 - credit institution
 - financial institution
 - investment firm
 - insurance undertaking
 - reinsurance undertaking
 - collective investment undertaking
 - pension or retirement fund⁴
 - public authority, other than a small local authority.

The following deposits, categories of deposits or other instruments are no longer protected from 3 July 2015:

- deposits of a credit union to which the credit union itself is entitled
- deposits which can only be proven by a financial instrument⁵ unless it is a savings product which is evidenced by a certificate of deposit made out to a named person and which exists in a Member State on 2 July 2014)
- deposits of a collective investment scheme which qualifies as a small company⁶
- deposits of an overseas financial services institution which qualifies as a small company⁷
- deposits of certain regulated firms (investment firms, insurance undertakings and reinsurance undertakings) which qualify as a small business or a small company⁸ – refer to the FSCS for further information on this category.

⁴ Deposits by personal pension schemes, stakeholder pension schemes and occupational pension schemes of micro, small and medium sized enterprises are not excluded

⁵ Listed in Section C of Annex 1 of Directive 2014/65/EU

⁶ Under the Companies Act 1985 or Companies Act 2006

⁷ See footnote above

⁸ See footnote above

Reimbursement

The FSCS aims to repay your eligible deposits (up to the compensation limit) within 7 days, and is required to do so within 20 working days (with some exceptions).

Contact

If you have any questions regarding the change in the compensation limit, please contact the Financial Services Compensation Scheme (FSCS) at:

Address: FSCS,
10th Floor Beaufort House,
15 St Botolph Street,
London,
EC3A 7QU

Tel: 0800 678 1100

Email: ICT@fscs.org.uk

Web: <http://www.fscs.org.uk>.

Annex B

Amendments to the Dormant Account Scheme Part

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

5 LIMITS ON COMPENSATION PAYABLE

...

5.2 The maximum compensation sum payable for the aggregate *protected dormant accounts* of each *eligible claimant* is:

(1) up to and including 31 December 2015:

(a) £85,000 for an *eligible claimant* who would be a *relevant person* if the *protected dormant account* were an *eligible deposit* held by a *DGS member*;
and

(b) £75,000 for any other *eligible claimant*;

(2) on and from 1 January 2016, the same sum as the maximum compensation payable for aggregate *eligible deposits* of each *depositor* under Depositor Protection 4.2 but without reference to the cases in which additional compensation may be payable under Depositor Protection 4.3.

...

5.4 In this Chapter, the following definitions shall apply:

deposit guarantee scheme regulations

has the meaning given in the Depositor Protection Part.

relevant person

has the meaning given in regulation 7A(4) of the *deposit guarantee scheme regulations*.