

**PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS AND NON AUTHORISED PERSONS:
DEPOSITOR PROTECTION (AMENDMENT No. 3) 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); and
 - (2) section 137T (General supplementary powers).
- 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. 3) Instrument 2015

- D. The PRA makes the rules in the Annex to this instrument with effect from 3 July 2015.
- E. The PRA deletes Chapter 56 with effect from 2 January 2016.
- F. The PRA deletes Chapter 55 with effect from 3 July 2016.

Citation

- G. This instrument may be cited as the PRA Rulebook: CRR Firms, Non CRR Firms and Non Authorised Persons: Depositor Protection (Amendment No.3) Instrument 2015

By order of the Board of the Prudential Regulation Authority

26 June 2015

Annex

Amendments to the Depositor Protection Part

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

1 APPLICATION AND DEFINITIONS

1.4 Unless otherwise stated, in this Part, the following definitions shall apply:

...

compensation leaflet rules

means 23.7(2), 23.8(2) and 23.9.

...

compensation sticker and poster rules

means 23.4, 23.5, 23.6, 23.7(1) and 23.8(1).

...

euro firm

means 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 Article 6(1) of the *DGSD*, pursuant to Article 6(5) *DGSD*.

...

exclusions list

means:

- (1) up to and including ~~2 July~~ 31 December 2016, a list in the form set out in Section A of Annex 3 to this Part; and
- (2) from ~~3 July 2016~~ 1 January 2017, a list in the form set out in Section B of Annex 3 to this Part.

...

information sheet

means an information sheet containing the categories of information set out in the template in Annex 1 to this Part.

~~has the meaning given in 16.2.~~

...

16 FIRMS' DISCLOSURE OBLIGATIONS – INFORMATION AND EXCLUSIONS

...

16.2 A *firm* must:

- (1) prepare an *'information sheet'* containing the categories of information set out in the template in Annex 1 to this Part, and prepare the an exclusions list;

...

17 FIRMS' DISCLOSURE OBLIGATIONS – STATEMENTS OF ACCOUNT

17.1 A *firm* must:

...

- (3) at least annually, in a depositor's statement of account:
- (a) provide to the depositor:
- (i) the information sheet; and
 - (ii) the exclusions list; and
- (b) if applicable, inform the depositor of the exclusions from deposit guarantee scheme protection that fall within 2.2(4)(b) and 2.2(4)(k); and

...

17.2 The information set out in 17.1(3) must be provided in a *depositor's statement of account*.

...

54 TRANSITIONAL PROVISIONS - FIRMS' ADDITIONAL DISCLOSURE OBLIGATIONS

54.1 As soon as practicable and in any event by 1 September 2015, a *firm* must provide to a *depositor* the coverage information set out in Annex 4 to this Part.

[Note: Art. 19(2) of the DGSD]

54.2 As soon as practicable after 31 December 2015 and in any event by 1 July 2016, a *firm* must:

- (1) provide to a *depositor*:
- (a) the *information sheet*; and
 - (b) the *exclusions list*; and
- (2) if applicable, inform the *depositor* of the exclusions from *deposit guarantee scheme* protection that fall within 2.2(4)(b) and 2.2(4)(k).

[Note: Art. 16(3) of the DGSD]

55 TRANSITIONAL PROVISIONS - FIRMS' DISCLOSURE OBLIGATIONS (SUPERVENING RULES)

55.1 A *firm* will not breach the following rules if it complies with those rules as soon as practicable and in any event from 1 January 2016:

(1) 17.1(1); and

(2) 17.1(4).

55.2 The following provisions shall not apply to a *firm* until 1 January 2016:

(1) 16.1 to 16.3; and

(2) 17.1(2) to 17.1(3).

55.3 17.2 shall not apply to a *firm* until 2 July 2016.

**56 TRANSITIONAL PROVISIONS – DEPOSIT COMPENSATION INFORMATION –
BRANCHES AND WEBSITES (SUPERVENING RULES)**

56.1 This Chapter does not apply to a *UK branch* of a *euro firm* or the *FSCS*.

56.2 A *firm* will not breach the *compensation sticker and poster rules* if it complies with those rules soon as practicable and in any event from 1 September 2015.

56.3 A *firm* will not breach the *compensation leaflet rules* if it complies with those rules as soon as practicable and in any event from 1 January 2016.

...

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 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> <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 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>
	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 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> <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 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 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 £85,000 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>

(4)	<p><i>Incoming firm that 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	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.
4	<u>In 1(1), 2(1) and 2(2), the limit figures must appear in bold font.</u>

...

ANNEX 3

EXCLUSIONS LIST (CHAPTER 16)

Section A (up to and including ~~2 July~~ 31 December 2016)

...

Section B (from ~~3 July 2016~~ 1 January 2017)

...

ANNEX 4

COVERAGE INFORMATION (CHAPTER 54)

On 1 January 2016 the deposit protection limit is changing from £85,000 to £[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 £[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 £[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 £[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 £[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 £[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 £[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 £[xx,000] deposit protection limit will apply from 3 July 2015 since these deposits have not previously been protected.

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:

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

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

Further information will be provided to depositors on how these changes will affect depositors with aggregate balances over £[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

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

- 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.

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>.

⁸ See footnote above