

# DEPOSIT GUARANTEE SCHEME

## INFORMATION LEAFLET



# IRISH DEPOSIT GUARANTEE SCHEME

## 1. BACKGROUND

The Deposit Guarantee Scheme in Ireland was established by the European Communities (Deposit Guarantee Schemes) Regulations, 1995 and amended by the European Communities (Deposit Guarantee Schemes) (Amendment) Regulations 2009 (S.I. No. 228 of 2009).

The Irish Deposit Guarantee Scheme is funded by credit institutions which are authorised by the Central Bank & Financial Services Authority of Ireland. The system is administered by the Central Bank & Financial Services Authority of Ireland. <sup>[1]</sup> The scheme protects eligible deposits in banks, building societies and credit unions authorised in Ireland.

Deposits with credit institutions authorised in an other European Economic Area (“EEA”) <sup>[2]</sup> country and operating in Ireland on a branch basis are covered under that country’s system. These credit institutions may opt in to the Irish Deposit Guarantee Scheme, in which case the terms set out in this leaflet apply.

## 2. ELIGIBLE DEPOSITS

Deposits eligible for cover under the deposit protection scheme are deposits denominated in any currency held at EEA branches of banks, building societies and credit unions authorised in Ireland.

### **Deposits not eligible for cover include:**

- interbank deposits, including a deposit by the Central Bank, the Post Office Savings Bank, a trustee savings bank, a building society, an industrial and provident society or the central bank of another member state of the European Communities (that is a member of the European Central Bank) with the institution;
- negotiable certificates of deposit;
- items which make up the own funds or capital of the institution;

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<sup>[1]</sup> Or its successor.

<sup>[2]</sup> i.e. all European Union Member States and Iceland, Liechtenstein and Norway.

- deposits in respect of which (a) there is reason to suspect that a money laundering offence has been committed or (b) there has been a conviction for a money laundering offence;
- deposits by a company connected to the credit institution;
- deposits by a person who, on an individual basis, obtained rates and financial concessions that helped aggravate its financial situation;
- deposits by the directors, secretary, chief executive or their close families;
- deposits by a person who is entitled (either directly or indirectly) to 10% or more in nominal value of either the allotted share capital or the shares carrying voting rights, or their close family
- deposits by a trustee of a trust for the benefit of the person in the previous two bullet points
- deposits by financial institutions (as defined in Regulation 2 of the European Communities (Licensing and Supervision of Credit Institutions) Regulations 1992 (S.I. No. 395 of 1992));
- deposits by insurance companies;
- deposits by the Governments or municipal, local, regional or provincial authorities of any State;
- deposits by a public international organisation of which one or more member states of the European Communities are members;
- deposits by collective investment schemes;
- a manager, trustee or custodian of a unit trust or a collective investment undertaking or an entity that provides services to such an undertaking;
- deposits by pension and retirement funds (except for small self-administered pensions);
- debt securities issued by the credit institution or a liability arising out of own acceptances and promissory notes; and
- deposits by companies that do not qualify to be treated as a small company under section 8(1)(a) of the Companies Amendment Act 1986, i.e. the company satisfies at least two of the following three conditions in respect of the last and previous financial year:

- (a) Its balance sheet total for that year does not exceed €1,904,607,
- (b) The amount of its turnover for that year does not exceed €3,809,214, and
- (c) The average number of persons employed by the company in that year does not exceed 50.”

### **3. LIMITS ON COMPENSATION**

The maximum amount payable to any depositor is 100 per cent of the aggregate deposits held by that depositor with that institution subject to a maximum compensation payment of €100,000.

Thus, a depositor with a deposit account totalling €75,000 would receive compensation of €75,000 while a depositor with eligible deposits of €100,000 or more would receive the maximum compensation of €100,000.

### **4. COMPENSATION PAYMENT PROCEDURE**

Under the Regulations, the compensation payment process is initiated by:

- the Central Bank & Financial Services Authority of Ireland determining that a credit institution is unable to repay deposits due to its financial condition, or
- a court making a ruling, for reasons directly related to a credit institution’s financial circumstances, that suspends depositors’ ability to make claims against that institution.

The Central Bank & Financial Services Authority of Ireland is expected to pay compensation to depositors within three months of a determination by the Central Bank & Financial Services Authority of Ireland that deposits are unavailable, or of a ruling by the court (subject to the terms and conditions set out in the Regulations). This timeframe will be reduced to 20 working days after 30 December 2010.

### **5. JOINT ACCOUNTS**

Unless otherwise specified, joint account balances will be apportioned equally between each account holder for this purpose and aggregated with any other balances held by that account holder.

## 6. MULTIPLE ACCOUNTS

All balances held in the depositor's name (including balances held in a joint account or beneficially in a trustee account) together with any interest due (up to and including the "determination date") will be aggregated for the purpose of calculating the funds owed to the depositor by the Deposit Protection Scheme.

In the event of a payment, set-off will not take place. In other words, a depositor's debts to the institution (such as their mortgage loan and/or overdraft amount) will not be deducted from the sum of their deposits.

## 7. CLAIMS PROCEDURE

In the event of the compensation process being initiated by a determination by the Central Bank & Financial Services Authority of Ireland or a court ruling, details of the claims procedure and of the information which must be supplied by each depositor in order to support a claim will be published by the Central Bank & Financial Services Authority of Ireland.

The Central Bank & Financial Services Authority of Ireland may require depositors to submit an application. However the Central Bank & Financial Services Authority of Ireland may also make a payment to a depositor without an application.

The Central Bank & Financial Services Authority of Ireland may verify the application. Special provisions may apply to the treatment of trust accounts, as in general the beneficiaries of trust accounts are determined by the terms of the trust. The Central Bank & Financial Services Authority of Ireland may require sight of the relevant trust documentation.

## 8. FURTHER INFORMATION

If this leaflet does not answer your question, please note that the Central Bank of Ireland provides further information on its website at [www.itsyourmoney.ie](http://www.itsyourmoney.ie).

This Guidance Note should not be considered to be a comprehensive summary of the Regulations and does not constitute legal advice. A copy of the Financial Services (Deposit

Guarantee Scheme) Act 2009 (No. 12 of 2009), the European Communities (Deposit Guarantee Schemes) Amendment Regulations 2009 (SI No 228 of 2009) and the European Communities (Deposit Guarantee Schemes) Regulations 1995 (SI No 168 of 1995) may be obtained from the Government Publications Office, Molesworth Street, Dublin 2 or on [www.irishstatutebook.ie](http://www.irishstatutebook.ie)

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