Deposit guarantee schemes. Recast

2010/0207(COD) - 04/03/2014 - Council position

The Council adopted its position at first reading with a view to the adoption of the directive of the European Parliament and of the Council on Deposit Guarantee Schemes (DGS).

The European Parliament adopted its position at first reading at its plenary session on 16 February 2012. on December 2013, final compromises with the European Parliament were found both on the Bank Recovery and Resolution Directive (BRRD) and the DGS Directive, which permitted the conclusion of the negotiations concerning these two dossiers.

During the trialogue of 17 December 2013, a provisional agreement was reached between the co-legislators with a view to an early second-reading agreement. On 18 February 2014 the Council reached a political agreement on the revised text.

The Councils position in first reading reflects the compromise reached in negotiations between Parliament and Council, with the help of the Commission.

The main amendments made by Council and accepted by Parliament are as follows:

Deposit protection : this must be limited to the extent necessary, in order to avoid transferring investment risks to the DGSs :

- financial instruments will be excluded from the scope of coverage, except for existing savings products evidenced by a certificate of deposit made out to a named person ;
- Member States should also be able to decide that the deposits of local authorities with an annual budget of up to EUR 500 000 are covered;
- depositors will benefit from : (i) a more uniform level of protection throughout the Union ; (ii) a broadened and clarified scope of coverage, (iii) faster repayment periods, (iv)improved information and (v) more robust funding requirements ;
- DGSs will be allowed to participate in the financing of the resolution of credit institutions in accordance with the BRRD ;
- in compliance with State Aid rules, Member States may also allow for protection of deposits, serving certain social purposes, that amount to more than EUR 100 000 for a limited period of time, and taking into account in particular the living conditions in the Member State concerned.

More harmonised methods of financing of DGSs :

- the financing of DGSs will be borne by the credit institutions themselves and the funding capacity of DGSs must be more proportionate to their liabilities ;
- DGSs will be subject to a more uniform ex-ante funding target level based on the amount of covered deposits, with funds invested in low risk assets.

Time-limit for repayment :

- the repayment period will be reduced to 7 working days by 2024. During a transitional period, Member States will be allowed to reduce the repayment period gradually to the maximum of 7 working days ;
- depositors must be able, on request, to access an appropriate amount of their covered deposits to cover for their cost of living.

Better information for depositors :

- depositors will be informed about their coverage, and the DGS responsible, on their statement of account. Potential depositors must be provided with comparable information by way of standardised information sheets. References to DGSs in advertisements must be limited to brief factual statements.

In Member States where credit institutions have established branches, DGSs must inform and repay depositors on behalf of the DGS in the Member State where the credit institution has been authorised. Safeguards must be in place to ensure that a DGS repaying depositors receives, from the home DGS, the necessary financial means and instructions prior to repayment. DGSs concerned should enter into agreements with other DGSs, in order to facilitate cross-border cooperation.

On 10 January 2014, the Chair of ECON Committee addressed a letter to the Presidency indicating that, should the Council transmit formally to the Parliament its position in the form that it was presented in the Annex to that letter, the Chair would recommend to the Plenary to accept the Council's position without amendment.