EFDI. EUROPEAN FORUM OF DEPOSIT INSURERS

Newsletter

Issue No. 11, August 2018

FEEL-GOOD STEPS

Thierry Dissaux
Chairman of EFDI

Let's stop for a while and step back one year in time.

In September last year, we approved in Oslo a comprehensive plan for our Association, including a DGSD Implementation Initiative ("D2I") to undertake an in-depth review of the Directive from a practitioner's viewpoint.

This was quite an ambition. Institutionally speaking, because the objective was to contribute to the DGSD review which the European Commission and the European Banking Authority will complete before July 2019. In terms of timing, as we decided not to wait for conclusions written by others before commenting them, but to propose background analysis by ourselves in the first place. Last, as for the content: we probably never had the opportunity to exchange on our practices in such a thorough and structured way.

One step back, one step forward. Beginning of a dance, it helps to feel good.

One year after, even if the rhythm was demanding, and even if we needed to handle other priorities at the same time (e.g. EDIS), the achievements are pretty substantial. We have been digging in some difficult issues, such as the 7-day payout requirement, or the handling of "special cases"; we have also learned a lot about our respective approaches and solutions. This will appear within the special report of this e-newsletter, dedicated to our D2I guidance papers.

Another step in time. Going forward, if this method works, provided we find the resources for this, there are a lot of other fields where we could investigate further following the same way. It has already begun in the PRC Committee, with their report on call centers. This may be the case sooner or later for our cross-border cooperation. Why not also for Investment Compensation Schemes activities?

As a matter of fact, please join me in welcoming our two new associate members, the ICSs from Cyprus and Poland and let's start a fruitful cooperation with them.

We will have our AGM and Annual Conference in Vienna within a few weeks. Our Austrian colleagues have prepared for us an active and attractive business program, as well as a very appealing set of suggestions for leisure times. There also, you could step back in time, even centuries before, or step forward in time, for instance visiting the interactive sound museum, called "Haus der Musik".

Talking about music... She is Australian, not Austrian. But she has something to tell you about feel-good steps and feel-good music (https://bit.ly/2o47Cnq), something Bruno Mars rediscovered 25 years later (https://bit.ly/1vpmmNX). "Don't believe me, just watch!"

One step back, one step forward, matter of time. Follow Kylie, follow Bruno, and enjoy feeling good.

Thierry Dissaux
Chairman of EFDI

HIGHLIGHTS

- 2018 EFDI 3-Day Event takes place in Vienna, from 12 to 14 September, thanks to the kind invitation of our Austrian colleagues from Einlagensicherung der Banken & Bankiers.
- EFDI welcomes two new Associates:
  - The Investors compensation Fund of Clients of Investment firms of Cyprus
  - The Central Securities Depository of Poland (KDPW)

EFDI. EUROPEAN FORUM OF DEPOSIT INSURERS

IMPRINT

European Forum of Deposit Insurers – Association of European Deposit Guarantee Schemes and Investor Compensation Schemes, abbreviated "EFDI"

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SUMMARY

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EFDI 2018 Calendar – Updated 25 08 2018

EFDI EVENTS
IADI EVENTS
Each Deposit Organization's Events, other Events

For any query or confirmation and to avoid scheduling conflicting dates, please contact EFDI Secretariat: secretariat@efdi.eu

Date	Event	Organizer/Host	Eligible/expected Attendees	Venue
SEPTEMBER				
Wed. 12– Friday 14 September	**EFDI 3-Day Event: Annual General Meeting, ICS Conference and International Conference**	EFDI President and Secretariat, Einlagensicherung der Banken und Bankiers Gesellschaft, Austria	EFDI Members and other interested parties	*Vienna, Austria*
OCTOBER				
4 October 2018	**EFDI PRC Committee**	Armenian Deposit Guarantee Fund	EFDI Members and PRC Committee Members	*Yerevan, Armenia*
15 October - 19 October 2018	**17th IADI Annual General Meeting and Annual Conference**	IADI President and Secretariat	IADI Members and Associates	*Basel, Switzerland*
NOVEMBER				
November (TBC)	**EFDI D2I and EU Committee Meetings**	(TBC)	EU Committee Members and Observers	*(TBC)*
DECEMBER				
4-5 December	**EFDI Stress-Tests Working Group**	FSCS - UK	EFDI Members	*London, UK*

EFDI TECHNICAL FEE WORKING GROUP – A FINAL REPORT IS PRESENTED AT THE AGM

On May 19th, 2017 in Brussels, EFDI Board of Directors made the decision to address the issues and concerns related to the fee structure and level, expressed by some EFDI members during the adoption of the new Statutes. Accordingly, the ''Fees Technical Working Group'' (FTWG) was established and the Board appointed one of its members (Marija Hrebac) to lead the process. Total number of active members in the FTWG was 20 (including the Chair) and 3 physical meetings and 3 web conferences were held. The Group has developed three different proposals for the membership fees structure and both their impacts with the current fee structure and among one another were compared and analysed.

The FTWG presented its report to the Board for decision in May this year that summarizes and explains in detail of each developed option for the membership fee structure. The EFDI Board of Directors has taken a decision which of the proposed options should be forwarded to entire membership for discussion and approval.

Preliminary criteria and elements for new structure of Membership Fees formula

FTWG defined and agreed on preliminary criteria for developing and proposing new formula structure which will be, upon approval of AGM, used for calculating membership fees. These preliminary criteria were the following:

1. The starting/basic point for FTWG was EFDI Statute, from which it is clear the organizational structure and hierarchy necessary for identification of different groups/types of EFDI members.
2. The new membership fee structure/formula which will be developed and proposed should:
   - be simple
   - be fair for everybody
   - have different compartments (fixed and variable)
   - be based on available and easily collectable data
   - be transparent and easy to apply
3. Each developed option must be tested and calculated based on Budgeted figures and compared with current Flat Fee Formula

The report presents tables for each option, a final one that shows comparison among all developed methods/options for new structure of Membership Fees Formula. An Excel worksheet is also the integral part of this document.

Developed Proposals/Options

Following above mentioned guidelines and preliminary criteria FTWG developed 3 possible options for new structure of membership fees formula. For the comparison and evaluation reasons, FTWG decided to use the current formula (Flat Fee equal for every member) as the first option (Option A) and to compare all 3 other developed formula to this option.

- **Option A:** Linear formula is used to calculate membership fees: dividing total budgeted expenses on total number of full members. Associates are kept at current fee level for the purpose of whole exercise and all comparisons.
- **Option B:** Relatively simple formula which divides total budgeted expenses in two compartments: first bears 70% of total Budget while second bear other 30%. First compartment is fixed for all EFDI full members while the second is variable and depends on EU membership (it is applied on EU members only).
- **Option C:** This option contains the same simple formula as in previous option (Option B) with only one difference: proportionality among fixed and variable compartments (50:50). This option divides total budgeted expenses in two compartments: first bears 50% of total Budget while second bear the other 50%. First compartment is fixed for all EFDI full members while the second is variable and depends on EU membership (it is applied on EU members only).
- **Option D:** Most complicated developed formula which divides total budgeted expenses in two compartments: fixed and variable and then once again Variable compartment into two sub-compartments: var 1 and var 2. First allocation of total budgeted expenses in 30:70 where 30% represents percentage of total expenses carried by all full members of the EFDI. Second part or 70% of total budgeted expenses represents variable part which is calculated based on 2 criteria:
  - 40% Amount of covered deposits
  - 30% EU membership

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> "The new membership fee structure should be simple, fair for everyone, and easy to apply."

The report presents tables for each option, with a final table that shows comparison among all developed methods/options for new structure of Membership Fees Formula. The Excel worksheet is an integral part of the report.

Upon approval and decision by the EFDI Board of Directors, the FTWG has finished its work and been dissolved as per its ToR.

Marija Hrebac, leader of the FTWG wishes to thank warmly all participants and contributors for their dedicated work, as this project provides to EFDI an important move forward to strengthening its structure and ambitions it aims for all members benefit.

Marija Hrebac
Leader of EFDI FTWG,
EFDI Board member

EFDI D2I AND EU COMMITTEE MEETINGS

Prague, 18-19 June 2018

When someone has a busy schedule, time is passing quickly. We have just completed our meeting in Amsterdam and hurry up from West to Central Europe to the beautiful Prague. EFDI might be seen as a high-speed train, but EUME and the Secretariat is trying hard, while being in motion, to bring nice food for thoughts and questions onto your plate worth "eating" from time to time.

So, it's not just the stunning attractions and landmarks of the city of Prague, but also the topics have offered satisfaction, thanks to our host GSFT. Renata Kadlecova and her team organized for EFDI members this two-day event between 18th and 19th of June 2018. On the agenda, a lively interactive discussion around timely issues, like the ABLV case in Latvia or the latest outlook of EDIS by the interpretation of the Banking Union Working Group. Then, the approval by the EU Committee on a new Non-binding Guidance Paper on Alternative Funding; a good work-out on D2I future challenges. Then, the framing of a Non-binding Guidance through a survey questionnaire, following the already known iterative procedure.

The EU Committee gathered in a good number, as 40 participants have attended the meeting. After the Chairman's welcoming remarks, Mr. Slawek Kozdras and Loucas Arminiotis from EBA took the floor. Slawek talked about a recent proposal by EBA to set up a Task Force (TF) on deposit guarantee schemes. The whole point of setting up the TF, as he pointed out was, that we are moving away from regulatory products and rather focus on how things are implemented and working in practice. Previously, the Resolution Authorities were dealing with deposit insurance issues. Noteworthy however, that a TF is not a permanent solution to tackle with a problem, but always a temporary one. What does it mean? The TF that the EBA is suggesting will operate for 2 years only. The TF will report to the highest body of EBA, which is the Board of Supervisors.

As for membership of the TF, EBA has to consider the publicly administered DGSs, privately administered DGSs and authorities that supervise the privately administered DGSs. The EBA regulation draws this distinction and also binds them. Therefore, the members of the TF should →

either come from the publicly administered DGSs or the supervisors of DGSs and the privately administered DGSs can be part of the TF. In order for them to take part in the meetings, the member from their Member State would need to invite them. Slawek admitted that it was sub-optimal, but due to legal constraints they cannot circumvent it. EBA will encourage these supervisors to invite private DGSs, but cannot force them either. He proposed to get in touch with the relevant supervisor and "try to make a case, that you should be there". In the Q&A part it was raised, and supported by Slawek, that a formal letter by EBA, suggesting the importance of presence would be helpful, when DGSs approach their authorities. Presumably, he said, the invitation to private DGSs would be a permanent one.

In terms of how the TF will operate, he underlined, the intention was to have 2-3 physical meetings annually at the EBA, plus conference calls, group emails. Who will be the Chairperson is not decided yet, they are waiting for candidates.

The main focus of the work is supporting the EBA in delivering of the mandate already in the DGSD, i.e. support of the Commission in drafting of a report on the implementation of the DGSD, to report on the calculation models, to make a peer review on the stress-testing exercise. The DGS community might bring other issues to the table as well.

He also made clear that the TF will not be a decision-making body.

Loucas gave us an update on two other areas that EBA is working on, i.e. the amount of covered deposits and available financial means. As we all know, Member States are obliged to submit to EBA by end of March each year, the figures as of the end of previous year. He briefed us the latest figures and the outlook, that according to which, most DGSs will not reach the target level by the deadline in 2024.

The second item on the Agenda, was the recent ABLV Bank of Estonia (3rd largest bank) case in Mr. Janis Placis presentation.

The case started on 13 February 2018 with a US Treasury proposed enforcement action against the bank and continued with an ECB initiated prohibition on ABLV payments, which triggered further action of the local

EFDI EU Committee, 18-19 June 2018, Prague, Czech Republic

> "To support of the Commission in drafting of a report on the implementation of the DGSD, to report on the calculation models, to make a peer review on the stress-testing exercise."

authorities, leading to the start of a pay-out case on 27 February. The pay-out was commenced in fact on 3 March 2018, i.e. within 5 working days.

Before, the majority of banks did not accept the payments from the ABLV. Therefore, upon consent of the ABLV Bank, the Board of the Commission decided to disburse guaranteed compensation through the Commission and instruct the Bank to transfer 480 million euro, i.e. the amount needed for the pay-out to the current account of the Commission with the Bank of Latvia. As well, the Board of Commission decided to enter into an agreement with "Citadele Banka", regarding the disbursement of guaranteed compensation to the Bank's customers and instructed "Citadele Banka", not later than 7 March 2018, to start the pay-out to the eligible depositors.

The next topic was the discussion of the Technical Note on the operational challenges of the European Deposit Insurance Scheme (EDIS) project, the Banking Union Working Group is currently working on. This meaningful undertaking, under the leadership of Sven Stevenson

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EFDI D2I and EU Committee Meetings, 18-19 June 2018, Prague, Czech Republic

and Jan Boettcher has been advanced shortly before the meeting. Members of the BUWG received the draft paper with concrete recommendations on technical level and could provide their preliminary opinions. While the initial aim of the group was to have the issues note adopted in Prague and subsequently publishing it, then using it as a basis for discussion with the EU authorities, and also to organize a workshop with them on the topic. However, there is still a bit of work left with the paper, the BUWG couldn't finalize a draft before the Prague meeting and ask for the views of the EU Committee. Sven briefed the committee on the state of play of the negotiations on European level (including Presidency initiatives, ECB non-paper), saying that there is no conclusion on EDIS yet, neither in the Council, nor in the Commission, before the EU Summit at end of June. We can fairly state however, that there is a positive development what regards to the reinsurance phase, for instance in terms of the liquidity provision (up to 90%) by EDIS, which is much stronger now, than it was in the original proposal. What we can expect after the summit, is an announcement on a timeline of the political discussion on EDIS to be published. Once it happens, EFDI should be ready, that the technical concerns we might have, will be seen by the Commission.

The co-chair of the BUWG also talked about the structure of the draft paper without going into the details of the recommendations at this stage.

As for the timeline, the BUWG might approve it by mid-July, after that the EU Committee may start reviewing it and hopefully can reach an agreement through one or two rounds of written commenting before the written approval to be ideally made in August, so that we can publish the paper at end of this August.

The Secretary General presented the first review of the already approved Non-binding Guidance Paper on Investment Strategy. He proposed the revised document to the EU Committee's approval, which was done with unanimous vote.

The next item was a new Non-binding Guidance paper on "Alternative Funding for DGSs", which was presented to members by Thierry and Vincent. The paper makes a clear distinction between additional funding and non-additional funding. After some questions and clarifications this brand-new EFDI Non-binding Guidance was approved with one abstention vote.

Both papers are posted on EFDI website.

Finally, the Chairman briefed members on the next steps with developing Non-binding guidance, namely a draft Non-binding guidance for the SCV, discussed in April, possibly another one for the Definition of Deposits to be presented and discussed after the D2I meeting in Prague. Additionally, three Working Groups are also working on other guidance: the Stress-test Working Group, the Risk-based Contribution Working Group, and also the PRC Committee will elaborate new draft guidance for the approval of the EU Committee possibly at its September meeting in Vienna.

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EU Committee meeting, Prague: Cases requiring additional information or a special treatment by a DGS before the compensation

D2I, part 1 – Definition of deposits

- Regulatory framework
- Output on D2I survey on definition of deposits
- Transactions: what kind of situations could lead to "credit balances, which result from temporary situations from normal banking transactions" and thereby insured claims.
- In-flight transactions/transitory items: which transactions are/should be considered in/should be excluded from the definition of covered deposits?
- DGSD2 coverage: which adjustments might be needed for i/ definition of deposits? ii/ product coverage? iii/ insured entities? iv/ de minimis compensations?

D2I, part 2 – Treatment of special cases

Session 1: overview of special cases handled by EU DGSs
Session 2: Beneficiary accounts: who is entitled to keep such account?
Session 3 – Other special cases:

- Some special creditors rights on depositors' accounts presentation by FGDR
- Dormant accounts presentation by SNDO, Sweden
- Treatment of business partnerships and entrepreneurs accounts, aggregation with personal coverage FCMC, Latvia
- Fiduciary account presentation by EAS Liechtenstein

You may call it surprise or even astonishment, but we don't necessarily mean the same product under deposit, as defined by the DGS. This topic, which came to our focus in May has turned out to be a real Pandora's Box. Please, don't open it!!! But, we didn't listen. Nevertheless, those who attended this workshop may share my view, that the excellent presentations have enriched our knowledge with invaluable insights about the various legal and operational practices of the EU member DGSs.

The diversity in definition of protected deposits and their scope, along with the different treatment of so called "special cases" (structured deposit, beneficiary account, inherited deposit etc.) is appealing even to practitioners, but also means a real delight to all of us. This is a typical case for "cannot believe what I heard, let's share them with others". From a successful workshop, a new draft of a Non-binding Guidance paper was born within some weeks, thanks to the authors: Thierry and Renata's team at GSFT.

Let me highlight some summarized statements from the draft paper for the sake of arising your interest.

- The DGSs should identify all types of accounts used by banks with their customers. This work may be made along two criteria: the specificities of the functioning of the account on one hand, the specificities of the holder of the account on the other hand.
- DGSs should also make an in-depth review and analysis of all relevant provisions in those of their national laws (inheritance law, civil law, consumer law, tax law, anti-money laundering law, corporate law etc.) which appear in relation with the concerned cases and accounts.
- In light of this inventory, DGSs should technically categorise the various types of accounts along the cases laid down in the DGSD to determine the appropriate treatment for each of them.
- On the basis of the above analysis, DGSs should build a precise and complete technical process for each case before a failure of a member bank. While setting those processes, DGSs should give special care to public awareness and communication issues.
- Further, when considering developing or enhancing an existing IT system, this analysis should be used to define the process flow and system specifications needed for eligible insured deposit determination and verification by the system.

The workshop has convinced everyone, there is a high complexity linked to this "innocent" topic of covered deposits, and it's our vital interest to understand crystal clear the eligibility of deposits and depositor's entitlements.

Bon appetite for reading and commenting the draft paper!

Andras Fekete-Gyor, EFDI Secretary General

EFDI ICS WORKING GROUP MEETING - *Budapest, 9 May 2018*

The International Organization of Securities Commissions (IOSCO) held their annual meeting in Budapest, 7-11th May. EFDI has previously met with some of our international colleagues, alongside IOSCO meetings, and the ICS Working Group took this opportunity to host, alongside the Canadian Investor Protection Fund (CIPF), the China Securities Investor Protection Fund Corporation Limited (SIPF) and the Securities Investor Protection Corporation (SIPC) U.S.A, a meeting of international investor compensation schemes.

International Meeting of Investor Compensation Scheme's - held at MOM Cultural Centre between 8.30 and 14.30pm

ICS Conference and EFDI ICS meeting in Budapest, 9 May 2018

The international meeting was well attended with 28 attendees representing 21 schemes represented.

Dr András Nemescsói, Chairman of the Board of the Hungarian Investor Protection Fund gave a short opening address welcoming all attendees to Budapest.

> "The issues the WG members would like to consider in more detail are contingency planning, cross-border failures and communications."

Dr Csaba Kontár, from the Hungarian Investor Protection Fund, gave a presentation providing an update on the latest compensation cases in Hungary. His presentation covered the three brokerage firm failures which occurred in 2015 (Buda-Cash Ltd, Quaestor Securities and Brokerage Ltd and Hungaria Securities Ltd). These failures all occurred during a two-month period in 2015 and involved substantial losses. Dr Kontár's presentation gave an excellent overview of the issues the scheme faced, in particular the funding of the substantial compensation payments relating to these failures.

There were presentations from Mr Gong Haibin from SIPF, considering the use of information technology in investor compensation. A presentation from Laure Zicry, Willis Towers Watson, on Cybersecurity, and from Mr Stephen Harbeck, President and CEO of SIPC, a reflection on how, during his tenure at SIPC, some things have changed in the investment market but many of the same issues are still valid today ten years after the financial crisis.

A tour-de-table gave all attendees the opportunity to provide an update on the work of their ICS.

This annual meeting of international investor protection schemes provides a useful forum in which we can exchange ideas and learn from the experiences of those dealing with active investment firm failures. Luckily the IOSCO meeting was in Europe this time. but next year it moves to Australia so less chance of hosting a meeting of EFDI ICS alongside the IOSCO event.

EFDI ICS Working Group Meeting – Danubius Hotel Flamenco

After a short, and very enjoyable tram ride, across the beautiful city of Budapest, we moved to Danubius Hotel Flamenco for a meeting of the EFDI ICS WG.

Eighteen delegates representing 16 European ICS' attended the meeting and Andras Fekete-Gyor attended as the EFDI Secretary General.

Karen Gibbons (FSCS, UK) and Alan de Lacy (ICCL, Ireland) welcomed all members of the working group and in particular Emilios Melis from Cysec, the Cypriot ICS and Anna Zelinska and Agnieszka Jagielsla from KDPW, the Polish ICS; both schemes were potential new members for EFDI at the time. Emilios, Anna and Agnieszka made brief, informative presentations to the WG about the operation of the ICS in their Home State which was welcomed by all participants.

The meeting discussed the proposed work plan for the ICS WG for the next 12 to 18 months, as well as the results of the research survey, outlining the issues the WG members would like to consider in more detail including contingency planning, cross-border failures and communications.

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Alan de Lacy gave a brief presentation on GDPR followed by a presentation from Rafik Yezza (Lichtenstein) on the EU Commission Proposal to amend Prudential Requirements for Investment Firms. The meeting was adjourned with the next meeting planned for Vienna in September 2018 during the EFDI Annual Meeting.

Karen Gibbons and Alan de Lacy would like to thanks Dr Csaba Kontár and his team at the Hungarian ICS for all of their hard work in organising the event in Budapest.

Thanks also for the wonderful dinner at Hemingway restaurant – an excellent dinner after a very productive meeting.

Karen Gibbons,
EFDI ICS Working Group Leader

EFDI BANKING UNION WORKING GROUP: ALL EYES ON EDIS

Banking Union Working Group Meeting in Athens, 18 May 2018

Banking Union Working Group Meeting in Paris, 18 July 2018

The proposal for a European Deposit Insurance Scheme (EDIS) is one of the most important, but also most controversial, issues being discussed in the context of completing the Banking Union. The introduction of EDIS would have a big impact on all DGSs that would participate in this European system and it is therefore no surprise that there are intense and lively discussions on EDIS within EFDI's Banking Union Working Group (BUWG).

Since late 2017, the BUWG is making a collaborative effort to publish a technical paper that can provide a contribution to the debate on a European level. After meetings in Berlin (February), Paris (March), Athens (May) – where the ECB was invited as a special guest to present their study on the extent to which EDIS could lead to cross-border subsidiarisation between Member States – and again Paris (July), the paper is taking its final shape based upon the unique practitioner's perspective that EFDI can provide. The paper will have an open-minded view towards different approaches towards EDIS, identifying technical aspects for the proposed system(s) and stages.

> "The paper will have an open-minded view towards different approaches towards EDIS, identifying technical aspects for the proposed system(s) and stages."

Issues addressed in the paper will relate to general provisions in the design of EDIS (for example scope, funding path, raising contributions, administrative expenses) but also issues in relation to relevant procedures during a compensation event (for example the conditionality of funding and the implementation of decisions) as well as the relevant arrangements after a compensation event (for example, the division of responsibilities between DGSs and the body responsible for EDIS in insolvency procedures).

The BUWG aims to finalize the paper in September 2018 in order to contribute to discussions with key European stakeholders during the final months of 2018, which will determine to a great extent the future of EDIS and national DGSs.

Sven Stevenson & Jan Boettcher,
EFDI BUWG co-Leaders

EFDI PUBLIC RELATIONS AND COMMUNICATION (PRC) COMMITTEE

Budva, Montenegro, 8 June 2018

Measuring the unbeaten

Trust, that banks benefit from deposit insurance together what depositors know about protection of their savings, are the most valuable assets EFDI members may have. On the other hand, these values most of the times are under certain scrutiny, when it comes to budget issues. Cost of communication is the most routinely asked question from decision makers, although evaluating its impact or measuring its return on investment are usually became rather forgotten. 21 members of the Communication/PRC Committee decided to start - and definitely not finished - discussion on public awareness of deposit insurance on 8 June, in Budva, Montenegro.

Starting the plenary session, Suzette Browne (PR Manager) introduced the sophisticated social media monitoring system as well as the connecting action plan of the FSCS (UK). The outsourced agency (Gorkana) provided ongoing social media monitoring system, 24/7 keep an eye on FSCS channels as well as on third party social media platforms, such as e.g. Treasury's or Bank of England's Facebook sites. The pre-programmed system that uses given-keywords alarming if gossips, rumors or even just misunderstood information occur in relation with FSCS services.

The social media action plan (that was fine-tuned after a recently organized one day of simulation test) requires intervention of FSCS staff, if alarming situation reach a certain level among depositors/investors (red line set by previous risk analysis). Worth mentioning, the action plan requires not only FSCS's PR people involvement, but it also defines immediate tasks for other departments also (e.g. financial, legal, compensation), in order to handle the situation in timely manner, even if sensitive issues (e.g. Brexit and its consequences) comes up in the conversations.

New initiative of the FGDR (France) – as a step further from the EBA supported multilateral agreement, EFDI carried out in 2016 – targets to test cross-border communication relations among European DGSs. Aim of the test is to gain mutual competences after cooperation rules have been written down on paper, said Sylvie Derozières, Head of Communications and Training of FGDR.

The organization identified, that, if the compliance with the 7 working days of payout regime is serious professional challenge, a crossborders payout may mean a bigger one. Reason why the competences for cross-border compensation is crucial for FGDR: France has 9 home (81 bank branches) as well as 8 host (21 bank branches) positions. Thus FGDR calls for volunteers for communication cross–border stress-testing.

Montenegro – total population 650,000 – has 15 banks and out of these 6 banks serve 70% of the depositors, said Szenaza Ivanovich, Risk Manager of FZD. During 2016-2017 FZD made a broad SCV file test on encrypted real database of the 6 biggest banks, finding mistakes it listed for the affected banks and required to fix them. As there is no legal regulation on SCV testing, FZD carried out this important step, based on bilateral agreement with the banking association. The purpose of the current legislative work is to gain legal authority to test banks's database in every three years.

During the afternoon session, seven DGSs introduced results of their most recent public awareness surveys providing good bases for further discussion on measurement methods, frequency, costs etc. Presented data show how diverse the European DGS landscape is, so different are their performances on public awareness as the below excerpt chart illustrates. The numbers show results of recently conducted representative survey in countries about how much the depositors (as target audience of the surveys) know about certain aspects of deposit insurance.

For professional opinion on the lessons learnt of the discussion, please read Chair Istvan Toth's article below ('Level of confidence' - page number 12).

	Sweden	Czech. Rep	France	NL	Montenegro	Hungary
Spontaneous awareness of deposit insurance	52	71	50	54	62	75
Awareness of the compensation limit	6	6	23	45	77,5	6
Awareness of the timeframe	2	5	NA	1	65	1

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Level of confidence

What is 'good' and what is 'not enough'? Can it be 'too much' or just the opposite 'critically low'? A few weeks ago, communication experts of EFDI community discussed extensively these terms in relation to public awareness of deposit insurance in Budva, Montenegro. Despite the fact that the group of practitioners and managing directors of European financial compensation schemes could not conclude a final agreement on this question (it was not the aim of the meeting), participants of the Communication/PRC Committee meeting raised the issue of complexity of public awareness. Out of these three significant topics deserved special further attention.

Target level

From a management point of view, institutional communication is considered as a *l'art pour l'art* activity – as long as no specific expectation is set in relation with the topic (i.e. specific KPIs). Its components are accountability and quantifiability – but both are preceded by setting achievable goals. On the meeting of Budva it turned out that – although two other countries are considering it, too - only the FSCS of UK achieved the specification of the target level re: deposit insurance-related public awareness. This target level was set as 70% in 2013.

Apart from examining the specific example – i.e. is it possible to reach 70% awareness within 5 years in a country that is executing Brexit (yes, it is!) – we need to stop here to consider a more important issue. If deposit insurance contributes to sustainment of financial stability by promising compensation, then we cannot really avoid the debate about what should be considered as low, acceptable, adequate or ideal level of public awareness regarding deposit insurance. (NB: so far no comparative research conducted at the same time has aimed at assessing the awareness-level of European deposit insurance.) In the midst of the European debate on the banking sector (Banking Union) and, in particular, on EDIS, it is important and timely to discuss whether a recommendation on the public awareness of deposit insurance can be defined. If the available financial means for depositors have to reach a regulated target level (0.8% coverage ratio dedicating timeframe to reach it), is it acceptable, however, if the protected depositors themselves have different levels of understanding of the protection – country by country? Simplifying the issue to a practical level: In the post-truth era of fake news and in a unifying market situation – is it good enough if the depositors' awareness of deposit insurance is only 10%? Can it be considered as good if it happens to be 40%? Is it enough if the awareness is 60%? And taking into account all additional costs of a crisis, is it possible to reach the level of "too much" on this issue?

In other words, where is the economically feasible optimum, from what level we can state that the public knowledge on deposit insurance contributes to financial stability through bank confidence?

> "Presented data show how diverse the European DGS landscape is, so different are their performances on public awareness"

Publicity

The other neuralgic point is the publicity of deposit insurance coverage awareness. The lesson of the meeting in Budva is that some countries (e.g. Sweden) publish the results of the public awareness level and some others are also considering to do so.

The real question here is whether a pro-financial stability institution that is to reinforce consumers' trust – can →

afford not to publish the results of the current awareness survey? If it does not publicize – what is the reason for this? Stealth? Fear? "Avoiding panic" is an evergreen argument, but these organizations have been created by the legislators for this very reason: to strengthen trust. And if the dedicated goal was this, how would deposit insurers cause panic? Regarding the comparability and publicity of the national and market awareness level, European deposit insurers would be advised to discourse. This is especially true since the boundary conditions of the EU member states have been standardized by the 100,000-euro protection and the 20 (later 7) working-day payout system.

Awareness of coverage limit

One of the most important elements of the European Union's deposit protection promise is the one-hundred-thousand-euro limit set per depositor in each member state. However, the consultation of EFDI's communications experts in Montenegro showed that knowledge of the threshold is very low in many countries. Surveys in Sweden, Czech Republic and Hungary in 2017 showed the same one-digit level of public awareness: 6%. Only 6%. (It is an interesting sociological point of view that the knowledge of the value limit within the Swedish society, which has not been affected in the past 10 years, is the same as that of Hungarian and Czech depositors who are more experienced in this area.) The situation in France - without any payout case recently - is slightly better with its 22% (2017 survey), while in the Netherland it is 45% (2018).

Based on the example of the above-mentioned countries, it is highly probable that within the EU the knowledge of the level of protection (which would be one of the most important messages of deposit insurance!) is rather low, somewhere extremely low.

And this gives us another excellent topic of discussion: where should be the minimum-level of knowledge of the threshold? Thinking about it structurally we may put another question like this: will EDIS be responsible for standardization of the level of awareness or (before EDIS is born in the European political parental room) will EFDI has willingness to deal with it?

In many organizations the spending on communication activities is perceived as a cost. Right after a global financial turmoil (and before a possible upcoming one) it would be necessary to state: if the communication provides value or trust, it should be considered as a future investment. In case of rare depositors' knowledge on the work of deposit insurance it is hardly conceivable that they will consider it in their decisions whether it is time for only a local or an international turmoil. And from this moment it is about the deposit insurance's ability to verbally intervene if the time comes.

Istvan Toth,
Chair of the Public Relations and Communication Committee

EFDI STRESS TEST WORKING GROUP (STWG) MEETING

London, 5 July 2018

The FSCS, leaving up to its reputation hosted warmly the 2018 mid-year EFDI Stress-tests Working Group and welcomed the cca 30 participants at its premises in London.

The meeting started with an EBA update presented by our correspondent Slawek Kozdras, announcing the establishment of a Task Force on Deposit Guarantee Schemes, following the agreement by the EBA Resolution Committee (ResCo) and the approval of the EBA Management Board (See 'European Banking Authority a Task Force on Deposit Guarantee Schemes' page 36). All Designated authorities of Members would inform each DGS by the end of July for launching a call for candidates for the Chairpersons and Members of the TF-DGS.

Then, our Members presentations started with a Statistical Analysis, concerning SCV files by Dr Hilmar Zettler and Dr Markus Shulz from the Compensation Scheme of German Private Banks (Entschädigungseinrichtung deutscher Banken). Hans Kooy from De Netherlandsche Bank provided the group an interpretation and operational stance of EBA indicators. Our colleague, Harald Podoschek from the Deposit Protection Company of the Austrian Commercial Banks presented their Stress Test - Funding capabilities model.

Our colleague Ivy Jeuken from De Netherlansche Bank presented the methodology to prepare and conduct a cross-border stress-test of Operational Capability, focused on financial processes.

A DGSD Stress-testing quick survey was conducted amongst EFDI Members. Oliver Gordon from the FSCS presented the current state with many findings for the EFDI Community. A summary note will follow soon.

Alex Kuczynski, Leader of the EFDI Stress-tests Working Group announced to set the next full meeting for the end of the year – after the EBA workshop due in September. Maybe, that it will be a longer meeting of 1.5 or 2 days, so that the attendees can share more detailed experiences and seek to agree the interpretation and approach to indicators and peer reviews.

Please, save the date of the next meeting of the Working Group on 4-5 December 2018.

Alex Kuczynski,
Leader of Stress-Test Working Group

1 EFDI INSIDE: BODIES AND GROUPS

EFDI CROSS-BORDER WORKING GROUP (CBWG) MEETING

Madrid, 12 July 2018

The members of the Cross-border Working Group (CBWG) gathered in a one-day meeting for the second time this year in order to go more in-depth into the functional and technical aspects of the cross-border cooperation.

The meeting was excellently hosted by Fondo de Garantía de Depósitos en Entidades de Crédito (FGD) in Madrid, with the kind support of Banco de España, and it brought together 38 attendees representing 22 DGSs from 19 countries.

After the welcome addressed by Luis Lorenzo (FGD, Spain), Thierry Dissaux, Chairman of EFDI and Petre Tulin, Leader of CBWG, the latter gave an ample presentation on the findings of the latest CBWG survey, highlighting the legal, operational and communicational issues related to the Multilateral Cooperation Agreement and bilateral agreements. A report on the results of the CBWG H2C survey can be found below.

Both the Chairman of EFDI and the Leader of CBWG re-emphasised the necessity to have a full adherence to the Multilateral Cooperation Agreement of all the EU DGSs. In this respect, further progress is needed in the second half of the year, this being also in line with the requirements of the European Banking Authority regarding the effective cooperation between the DGSs.

Our Spanish colleagues José María Fernández and Carlos Colao described in detail the main stages of the FGD payout process and the features of their new payout application system designed to achieve the efficiency, swiftness and security goals.

As part of the section dedicated to the ways of dealing with Home/Host communication, Zuzana Smrčinová, GSFT Czech Republic, shared the experience of the cross-border cooperation stress test conducted in 2017 between NDIF, Hungary, as Home DGS and GSFT as Host DGS.

Also in this section, Sylvie Derozières, FGDR France, delivered an introspective presentation focused on communication issues, exploring the way of transposing the existing cross-border cooperation framework in real context for providing to depositors an efficient "7-day Communication". This autumn, FGDR will perform the first tests on some communication tools with ICB (Ireland), FSCS (UK) and Association of Private German Banks (Germany).

Dealing with Host depositor missing data when the Host DGS pays out via electronic transfer was another challenging topic addressed by Ivy Jeuken, DNB, The Netherlands. After presenting the options and the advantages and disadvantages thereof, the possible innovative solutions envisaged – (1) the Payment Instructions File (PIF) completed by the Home DGS, (2) the PIF completed by the Host DGS, (3) a digital solution used by multiple DGSs (to be developed) left room for future discussions.

A brainstorming on creating an European solution for payout of foreign depositors was led by Jan T. Böttcher, Bundesverband deutscher Banken, and Thorbjörn Karp, Prufungsverband deutscher Banken e.V., Germany, having in view the cases of cross-border payouts

> "CBWG re-emphasised the necessity to have a full adherence to the Multilateral Cooperation Agreement of all the EU DGSs"

with or without a EU branch. In this respect, they showed up a new conceptual approach called „European [front-end] for Foreign Depositors in Cross-border Payout Case". The interesting presentation described the workstreams of the proposed solution on cross-border payout, highlighting the advantage of cost reduction by sharing one „data collection tool for foreigners", which could be made operational by integration in a secured central exchange platform, such as EDDIES.

With regard to the cross-border payout and the SCV data, Klaus Hermann, Hypo Haftung, Austria, showed that, in order to speed up the payout, a segmentation of the SCV data is applied. Depending on the data requirements, three categories are used; while the first category comprises instant payout for online platform depositors, the other two require different degrees of interaction (bilateral - Home DGS/ depositor or trilateral - depositor/ Home DGS/Host DGS).

One of the most important challenges for the Home/Host cooperation is the handling of cross-border complex cases legally entailed by inherent legal requirements existing in the jurisdictions concerned. In this respect, Sarah Chetouane and Sylvie Derozières, FGDR France,

→

CBWG hosted by FGD Spain at the Central Bank of Spain, Madrid.

explained in detail the way FGDR handles cross-border complex cases, such as beneficiary accounts and THBs, which require additional interaction with Host depositors before processing. FGDR defined a three-step Home/Host collaboration as follows: step 1 - before any failure, step 2 - before the payment and step 3 – after the payment, specifying the actions and the flows characteristic for each step. The French representatives pointed out that, as a consequence, a close and detailed cooperation between FGDR and the Host DGS is to be built ahead of any failure. Moreover, taking into account the limits of the DGSD2 prescriptions in case of cross-border complex cases, a constructive approach is needed.

The multiple aspects of the cross-border cooperation were lively discussed during the meeting, also from the perspective of the envisaged review of the Multilateral Cooperation Agreement, Rulebook and Bilateral specifications. Following the discussions, the members of CBWG agreed on setting-up four working subgroup – Legal, Operations, Communication and Finance. Each subgroup will have two co-leaders from different countries. A call for interest for each subgroup will be launched by end July 2018 so as to have the time to draft the subgroups' roadmaps. The goal is to validate the roadmaps on 12 September 2018 in Vienna, when the members of CBWG will meet again on the occasion of the 2018 EFDI Annual General Assembly and International Conference (12-14 September 2018).

As a prerequisite for the subgroups work, the H2C spreadsheet will need to be updated/ completed by the beginning of September 2018.

Petre Tulin,
Cross-border Working Group Leader

Cross-border Working Group - Call for interest for H2C Subgroups

After the decisions made during the Cross-border Working Group (CBWG) in Madrid on July 12th to reform and revive the H2C subgroups for technical cross-border cooperation issues, a call for interest to participate was lunched mid-August 2018.

The mains purpose of these sub groups is to tackle all technical issues related to the functioning of the Multilateral Cooperation Agreement for cross-border payout in the field of :

- **Legal** (Co-leaders : Ana Lillo Cervantes, FGD Spain & Clara Cohen, FGDR France)
- **Communication** (Co-leaders : Zuzana Smrcinova, GFST Czech Republic & Sylvie Derozières, FGDR France)
- **Finance** (Co-leaders : Antoaneta Geala, FGDB Romania & Arnaud Schangel, FGDR France)
- **Operations** (Co-leaders : Ivy Jeunken, DNB Netherlands & Harpreet Likhari, FSCS, UK)

A roadmap will be submitted to EFDI CBWG Members for validation during Vienna's meeting, on September 12th 2018.

EFDI CROSS-BORDER WORKING GROUP (CBWG) : RESULTS OF THE MID-YEAR H2C SURVEY

The H2C survey initiated by the Cross-border Working Group (CBWG) at the beginning of this year was extended in June 2018 with a new set of questions related to the bilateral agreements Home/Host, the identified issues in terms of Host depositors' communication, the claims handling in case of THBs, the exchange of documents and the dedicated accounts for cross-border payouts. The questionnaire was answered by 18 DGSs.

Bilateral agreements

In a bilateral relationship, the signing parties have either a twofold capacity (Home and Host) or a onefold capacity (Home or Host). In principle, two bilateral agreements are concluded where the DGSs have a twofold capacity. As regards the bilateral agreements concluded by end-June 2018, in eight bilateral relationships the signing parties have a twofold capacity and in two bilateral relationships the signing parties have a onefold capacity. Nine bilateral agreements were concluded in the first half of 2018.

Mainly, the payout currency is the Host currency and the cooperation language is English. The exchange mechanism used in most cases is EDDIES. Commonly, the frequency of test file exchanges is once a year, while the test payout is conducted once every two years or on an occasional basis.

Identified issues in terms of Host depositors' communication

The Home DGSs usually send letters directly to the depositors in the Host countries. At the same time, in order to communicate with the Host depositors, the Home DGSs provide the Host DGSs with templates, specific correspondence, publicity material and detailed information on the compensation process. The Host DGSs are requested to publicise the depositor notification in certain ways and at specific times. Also, the Host DGSs may answer directly to the depositors' questions based on the available information or may refer the questions to the Home DGSs.

The templates provided for in the Rulebook, which may be tailored to suit the specific needs for communication, are to be used to a large extent. In general, no additional IT developments or minimal ones are expected in the process of handling the Host depositors' communication.

In most cases of Host depositors' missing or inexact data, the Home DGSs either contact the failed bank/ liquidator/ insolvency practitioner in order to check the information on depositors and to complete/ correct it or request the assistance of the Host DGSs in contacting the depositors and act together in a coordinated manner.

Claims handling – Temporary High Balances

The Home DGSs are responsible for deciding on the THBs, but they may request the assistance of the Host DGSs, as regards the assessment of the THB claims and the translation of the relevant supporting documents. Some Home DGSs include the information on THBs in the letters sent directly to the Host depositors, while in other cases THBs are included in the SCV files.

Dedicated accounts

The dedicated account that is to be used for a specific payout may be held with the Central Bank/Central Government financial managers and/or credit institutions.

The majority of respondents intend to use separate accounts for compensations and costs thereof.

Other features to be considered as regards the bilateral agreements

The level of detail of the bilateral agreements is a feature for which different views were expressed. While some DGSs would like to have a more extensive form of the bilateral agreements and also a "Home-Host payout manual", other DGSs would prefer as much simplicity as possible.

Another feature concerns the possibility for the Home DGS to share beforehand with the Host DGS, the information on the total amount of covered deposits and the number of eligible deposits, in order to enable the Host DGS to prepare for the payout process.

Petre Tulin
Cross-border Working Group Leader

1 EFDI INSIDE: BODIES AND GROUPS

2018 EFDI ANNUAL GENERAL ASSEMBLY AND INTERNATIONAL CONFERENCE

Dear EFDI Members,

Our Annual General Meeting and Event this year will take place in Vienna, thanks to the kind invitation of our Austrian colleagues from "Einlagensicherung der Banken & Bankiers".

Austria is currently leading an important change in the settings of its deposit guarantee framework, with the planned merger of several of the existing schemes. As important, as challenging and, hopefully, as successful will be the "EFDI 2018 Annual General Assembly, International Investor Compensation Fund Conference and Annual International Conference" organised by the Austrian team.

The 3-day event, from 12 to 14 September, will be held in the Hotel Hilton Vienna Plaza, city center. It will comprise various Working Sessions, AGM Meeting, ICS Meeting as well as the EFDI Annual International Conference.

In 2018, EFDI International Conference will tackle with

"RESOLUTION AND LIQUIDATION: Expectations, Experiences, Learnings from other Industries and Challenges ahead".

There is a hidden dilemma in this title, especially for policy makers, who are in the driving seat, but also deposit insurers, who are one of the main actors of the resolution process, being the financiers of all kinds of resolution actions. Which way to go from the dilemma? Going-concern resolution may be cheaper, but far more complex and eventually impact a larger scope of creditors, while gone-concern resolution may result in the temporary disruption of vital banking services. These issues will be explored by our distinguished Keynote Speakers and further deepened by the Presenters from organizations such as the IMF, EBA and EIOPA.

For detailed information regarding the preliminary agenda, your personal online registration and individual hotel booking, please visit our event website at www.dgs-austria.at/efdi2018vienna. For specific questions, feel free to contact our event team in Vienna at efdi-event@dgs-austria.at.

We are very much looking forward to welcoming you in Vienna!

Kind regards,

Thierry Dissaux
Chairman of European Forum of Deposit Insurers (EFDI)

Harald Podoschek
Chairman Einlagensicherung der Banken & Bankiers

3-DAY EVENT PROGRAM

EINLAGENSICHERUNG DER BANKEN & BANKIERS G.M.B.H.

WEDNESDAY 12 SEPTEMBER – **EFDI Working Sessions**
THURSDAY 13 SEPTEMBER – **EFDI Annual General Assembly - International Inverstor Compensation Fund Meeting**
FRIDAY 14 SEPTEMBER – **EFDI International Conference**

VENUE: Hotel Hilton Vienna Plaza, Schottenring 11, A-1010 Vienna, Austria

Wednesday 12 September:
EFDI Working Sessions

08.00 - 08.30	**Welcome coffee and registration**		
08.30	**START OF EFDI Working Sessions (Part 1)**		
Meeting room	LINDY HOP	RAGTIME & BLUES	JAZZ & SWING
Working Sessions	**08.30 – 09.30** EUME **09.30 – 11.30** BOARD *11.30 – 13.00* *Available for ad-hoc meetings, register before with the EFDI Secretariat*	**08.30 – 09.30** Stress-Test WG **09.30 – 11.15** Research WG **11.15 – 11.30** Risked-Based Contributions WG *11.30 – 13.00* *Available for ad-hoc meetings, register before with the EFDI Secretariat*	*08.30 – 11.30* *Available for ad-hoc meetings, register before with the EFDI Secretariat* **11.30 – 13.00** Cross-border WG
13.00	**LUNCH** Individual Arrangements for Lunch and Personal Meetings - see Participant Information Package		
14.30	**RESUMPTION OF EFDI Working Sessions (Part 2)**		
Meeting room	LINDY HOP	RAGTIME & BLUES	JAZZ & SWING
Working Sessions	*Available for ad-hoc meetings, register before with the EFDI Secretariat* *11.30 – 13.00* *Available for ad-hoc meetings, register before with the EFDI Secretariat*	**14.30 – 16.00** Public Relations and Communication Committee *16.00 – 17.30* *Available for ad-hoc meetings, register before with the EFDI Secretariat* *11.30 – 13.00* *Available for ad-hoc meetings, register before with the EFDI Secretariat*	**14.30 – 16.00** Banking Union WG **16.00 – 17.30** EU Committee **11.30 – 13.00** Cross-border WG
17.30	**END OF EFDI Working Sessions** Individual Arrangements/Free Time - see Participant Information Package		
18.40	**WELCOME DINNER** **Meeting in the Lobby of Hotel Hilton Vienna Plaza - "Restaurant Hansen"** Address: Wipplingerstraße 34 (in front of Hotel Hilton Vienna Plaza)		

1 EFDI INSIDE: BODIES AND GROUPS

Thursday 13 September:
EFDI Annual General Assembly
Plenary room: JAZZ & SWING

08.30 – 13.00	**EFDI ANNUAL GENERAL ASSEMBLY**
08.30 – 09.00	*Welcome Coffee and Registration*
09.00 – 09.10	**Welcoming Remarks and Introduction to Agenda** • Thierry Dissaux, Chairman of the European Forum of Deposit Insurers (EFDI) **Approbation of last EFDI General Assembly Minutes**
09.10 – 09.40	**Report from the EFDI Board**
09.40 – 09.50	**Report from the EFDI Secretary General** • Andras Fekete-Györ
09.50 – 10.00	**Report from the EFDI Secretariat** • Tania Badea-Nirin, FGDR
10.00 – 10.50	**Financials** **Report from the Treasurer** • Aurelija Mažintienė, EFDI Treasurer **Report from Leader of the Fees Technical Working group** • Marija Hrebac, EFDI Board Member **Report from the Auditor** • James Mews, Auditor **Approval of 2017 Financial Accounts** **Approval of 2019 Budget and Fees** **Approval of EFDI Grants and Gifts Policy**
10.50 – 11.15	**Reports from Committees and Working Groups – Part 1** **EU Committee and D2I Workshops** • Andras Fekete-Györ, EFDI Secretary General
11.15 – 11.45	*Coffee Break*
11.45 - 12.45	**Reports from Committees and Working Groups – Part 2** **Banking Union Working Group** • Jan Böttcher and Sven Stevenson, Co-Leaders **Cross-border (H2C) Working Group** • Petre Tulin, Leader **Public Relations and Communication Committee** • Istvan Toth, Chair **Research Working Group** • Riccardo de Lisa, Chair • Ralf Benna and Bernd Bretschneider, Co-leaders sub-group “Risk-based contributions” **Stress-Test Working Group** • Alex Kuczynski, Leader **Investor Compensation Schemes Working Group** • Karen Gibbons, Leader, and Alan de Lacy, ICS EFDI Board Observer
12.45 – 12.55	**Closing Remarks** • Thierry Dissaux, Chairman of the European Forum of Deposit Insurers
12.55 – 13.10	**Group Photo**
13.10	**Lunch** • At Hotel Hilton Vienna Plaza/Rooms “Tango & Foxtrott”

Thursday 13 September:
EFDI International Investor Compensation Fund Working Group Meeting

Plenary room: JAZZ & SWING

14.30 – 18.00	EFDI INTERNATIONAL INVESTOR COMPENSATION FUND WORKING GROUP MEETING
19.45 Meeting in the Lobby Hotel Hilton Vienna Plaza or individual walk to Albertina	**GALA DINNER** "Albertina Museum" Address: Albertinaplatz 1 (next to Vienna State Opera)

Friday 14 September:
EFDI International Conference

"RESOLUTION and LIQUIDATION:
Expectations, Experiences, Learnings from Other Industries and Challenges Ahead"

Plenary room: JAZZ & SWING

08.30 – 09.30	*Welcome Coffee and Registration for Participants*
09.30 – 09.50	**Welcome Remarks** • Harald Podoschek, Managing Director of Einlagensicherung der Banken & Bankiers **Introductory Speech** ***"EFDI – A Success Story: Achievements, Experiences and Outlook"*** • Thierry Dissaux, Chairman of the European Forum of Deposit Insurers (EFDI)
09.50 – 10.20	**Keynote Speech I:** ***"Resolution and Liquidation: The Key Attributes of Two Different Scenarios"*** *Conflicts of interest between policy makers and institutions, implications for EDIS, different perspectives of EU Commission, supervisory authorities and national DGS: what do we expect from each other?* • Klaus Kumpfmueller, Executive Board Member at the Financial Market Authority Austria (FMA)
10.20 – 10.40	**Presentation:** ***"Euro Area Policies: Highlights of IMF's Assessment of the Euro Area Bank Resolution and Crisis Management Arrangements"*** *Lessons learned: progress and experience with bank interventions in the Banking Union. The future: what needs to be done to strengthen the bank resolution and crisis management architecture and operational capacity?* • Atilla Arda, Senior Financial Sector Expert at the International Monetary Fund (IMF)
10.40 – 11.15	***Coffee Break*** Rooms: TANGO & FOXTROTT
11.15 – 12.30	**PANEL 1** **"The Way from Theory to Practice: How to Deal with Resolution?"** *Distinguished speakers and experts of the Panel provide their insights on optimisation of crisis management issues with a focus on triggering a resolution action and related practical considerations. The Panel may identify impediments in evaluation of assets, resolution planning and last but not least, handing over the stick from one player to another, namely from the supervisory to resolution administration and/or deposit insurer.* • Klaus Kumpfmueller, Executive Board Member at the Financial Market Authority Austria (FMA) – tbc • Gerhard Hofmann, Member of the Board of German Co-operative Banks (BVR) and President of the European Association of Co-operative Banks (EACB) • Carlos Osorio, Legal Counsel at the Deposit Guarantee Fund of Credit Institutions Spain (FGD) • Tomasz Obal, Member of the Management Board of the Bank Guarantee Fund Poland (BFG) • **Moderator**: Atilla Arda, Senior Financial Sector Expert at the International Monetary Fund (IMF)

12.30 – 14.00	**Lunch -** *Hotel Hilton Vienna Plaza/Conference Area* Rooms: TANGO & FOXTROTT
14.00 – 14.20	**Presentation:** ***"Lessons (to Be) Learned – Overview of Other Industries: the Example of the Insurance Industry"*** • Juan Zschiesche Sánchez, Senior Expert on Crisis Management at the European Insurance and Occupational Pensions Authority (EIOPA)
14.40 – 15.40	**PANEL 2** ***"Insurance Industry Compared to Banking: Similarities and Differences in Resolution"*** *The Panel will seek answers to what makes the resolution of insurance companies different from banks and the complexity of liquidating an insurance company: Are the various asset classes of insurance companies vs. the banks' ones a pain or a benefit? Does the European regulatory framework for resolution of banks, compared to the one for insurance companies, add complexities or hurdles possibly impeding the efficiency of the resolution process?* • Vasily Pozdyshev, Deputy Governor of the Central Bank of the Russian Federation – tbc • Juan Zschiesche Sánchez, Senior Expert on Crisis Management at the European Insurance and Occupational Pensions Authority (EIOPA) • Alex Kuczynski, Director of Corporate Affairs at the Financial Services Compensation Scheme (FSCS) • Marcello Morvillo, Head of Liquidation Department at the Institute for the Supervision of Insurance Italy (IVASS) • Çağrı Seyfi, Head of Asset Management at the Savings Deposit Insurance Fund Turkey (SDIF) • **Moderator**: Jan Boettcher, Association of German Banks (BDB)
15.40 – 16.00	***Coffee Break*** Rooms: TANGO & FOXTROTT
16.00 – 16.45	**PANEL 3** ***"The Future of Resolution and Liquidation – the Road Ahead"*** *A unique opportunity to hear the views of leading experts of the International Financial Institutions in the Panel.* – *How these institutions and practitioners think about global and regional financial stability perspectives in the context of the Banking Union, as well as the global standard, the Key Attributes.* – *Will our children's world, in the absence of bail out, be safer and our citizens become richer?* – *Where the next crises will come from and have we built the needed safety net to cope with those crises?* – *Can the institutional independence of safety net players be maintained, or the DGS functions integrated into Resolution Authority going forward, and would that result in a more efficient system?* • Loucas Arminiotis, Policy Expert at the European Banking Authority (EBA) • Marija Hrebac, Chief Executive Officer at the State Agency for Deposit Insurance and Bank Resolution Croatia • Pamela Lintner, Senior Financial Sector Specialist at the World Bank • Oliver Schuetz, Head of Banking Resolution at the Financial Market Authority Austria (FMA) • Frédéric Visnovsky, Deputy Secretary General of the Prudential Supervision and Regulation Authority France (ACPR) • **Moderator**: András Fekete-Györ, Secretary General of the European Forum of Deposit Insurers (EFDI)
16.45 – 17.15	**Closing Remarks** • Harald Podoschek, Managing Director of Einlagensicherung der Banken und Bankiers • Thierry Dissaux, Chairman of the European Forum of Deposit Insurers (EFDI)
17.15	**End of Conference**

EFDI COMMITTEES AND WORKING GROUPS – UPDATE AUGUST 2018

EU COMMITTEE		Thierry Dissaux	tdissaux@ garantiedesdepots.fr
EU Committee Meeting	– policy of the Association concerning the legislation of the European Union on deposit insurance, investor compensation and resolution of financial services firms; – submission of any document regarding the policy of the Association to the European Commission or any other institution of or related to the European Union; – disclosure of any discussion regarding the policy of the Association to the European Commission or any other institution of or related to the European Union; – representation of or engagement by the Association vis-à-vis the European Commission or any other institution of or related to the European Union with respect to the policy of the Association. *3 physical meetings/ year*	Andras Fekete-Gyor	afeketegyor@efdi.eu
Underlying activities			
DGSD Implementation Initiative (D2I)	– issuing a "state of play" for DGSD2 2019 review – sharing of experiences in implementing DGSD2, drafting of non-binding guidance – interactions with other WGs for risk-based contributions, stress tests, H2C... *3 physical meetings/ year (if possible with EU Com)*	Jan Böttcher / Thierry Dissaux / Sven Stevenson/ Petre Tulin	Jan.Boettcher@bdb.de tdissaux@ garantiedesdepots.fr j.s.e.stevenson@dnb.nl petre.tulin@fgdb.ro
Cross-border Working Committee (H2C)	– data collection – sharing of cross-border experiences/ real cases practices and issues – annual update of H2C Multilateral Cooperation Agreement and Rulebook – harmonisation of bilateral agreements – drafting of non-binding guidance (if any) *1 or 2 physical meetings/year + calls* H2C thematic sub groups – COMMUNICATION – FINANCE – LEGAL – OPERATIONS	Zuzana Smrcinova and Sylvie Derozières Antoaneta Geala and Arnaud Schangel Ana Lillo Cervantes and Clara Cohen Ivy Jeunken and Harpreet Likhari	ZSmrcinova@gsft.cz sderozieres@ garantiedesdepots.fr Antoaneta.Geala@ fgdb.ro aschangel@ garantiedesdepots.fr alillo@fgd.es ccohen@ garantiedesdepots.fr I.G.C.Jeuken@dnb.nl harpreet.likhari@fscs.org.uk
Banking Union Working Group (BUWG)	– state of play on EDIS – concerns, needs and wishes of members vis-à-vis an integrated eurozone DGS – possible recommendations of members for authorities' acceleration H2-2017/H1-2018	Jan Böttcher Sven Stevenson	Jan.Boettcher@bdb.de j.s.e.stevenson@dnb.nl

1 EFDI INSIDE: BODIES AND GROUPS

PUBLIC RELATIONS AND COMMUNICATION (PR) COMMITTEE		Istvan Toth	toth@oba.hu
	– promoting exchange of information as well as professional experiences within members of EFDI; – supporting members by harmonizing PR efforts of DGS's; – providing support to EFDI regarding for public presence. *3 physical meetings/ year*		
RESEARCH WORKING GROUP		**Riccardo Di Lisa**	**rdelisa@fitd.it**
	– to carry out applied empirical research on topics and issues of EFDI common interests. – to carry out ad-hoc research requested by the other EFDI WGs – currently.		
Underlying activities			
Data Base	– to design, collect and analyze data and operational practices among EFDI members in order to have updated figures of EFDI world and to support with data the other EFDI WG works.	Riccardo Di Lisa	rdelisa@fitd.it
Risk-based contributions	– to continue the exchange of experience between European DGS'es on rbc-topics – to conduct questionnaires concerning "contribution-topics" (e.g. on the topic "proportionality between financial means and potential liabilities with effect on contributions") – to track the discussions on EU-level (e.g. the AHWP Banking Union, or EBA or EU-commission) concerning "contribution topics" and the IDAI-activities in this topic *AOB on rbc (on demand)*	Ralf Benna Bernd Bretschneider	R.Benna@BVR.DE B.Bretschneider@gbb-rating.eu
DGS STRESS-TEST WORKING GROUP		**Alex Kuczynski**	**Alex.Kuczynski@fscs.org.uk**
	– sharing the plans for the DGS stress test cycle – whether for 2 or 5 years; – shared calendar of the testing to be carried put; – exchange of test plans; – reporting of lessons learnt, and tips for testing eg. call centres, data/SCV; – engagement with the EBA; – ad hoc queries. *3 physical meetings/ year*		
INVESTOR COMPENSATION SCHEMES (ICS) WORKING GROUP		**Karen Gibbons**	**Karen.Gibbons@fscs.org.uk**
	– promoting exchange of experience between European Investor Compensation Schemes (ICS) – developing best practices for ICS members – liaison with international ICS colleagues – aim to act as the go-to organization on investor compensation matters for European organisations, such as the European Commission and ESMA. – aim to research one or two topics of interest to ICS members per annum *3 physical meetings/ year*		

SPECIAL REPORT: EFDI GUIDANCE PAPERS

D2I (DGSD IMPLEMENTATION INITIATIVE) OBJECTIVES AND PROSPECTS

The D2I, a review of the implementation of DGSD2 by EFDI EU and EEA members, has been initiated by EFDI to prepare and contribute to the general report on DGSD2 by the EU Commission, which the EC is due to submit to the European Parliament and to the Council before 3 July 2019.

It is expected that the Commission will be working on this report rather soon, if it is not already the case. This of course puts some urgency on EFDI's efforts.

The EU Committee validated a renewed Work Plan for the period of 2017-2019 including the corresponding Working Groups' and D2I Workstreams' objectives.

The D2I main objective is to identify the practices of EFDI members, when implementing the Directive, taking into account how diverse these could be, mainly because of local specificities, address the difficulties our community may be facing in the selected topics and propose possible good practices as a way forward for the DGS community as a whole. As an outcome of these works, Non-binding Guidance papers, validated by the EU Committee members, are being drafted to summarise the findings, then made public as a contribution to the general review of DGSD.

Topics have been identified during the EU Committee on 11 September 2017 meeting in Oslo and split between existing EFDI Working Groups (Risk-based Contributions, Stress-tests, Public Relations) and specifically D2I workshops along 2017 and 2018. The aim of both the three Working Groups and the D2I Workstreams is to elaborate and validate the bulk of the Non-binding Guidance papers considered, before and during the EFDI meetings of September 2018 in Vienna (see the comprehensive timeline also below).

Given the ongoing complex policy agenda in the EU, I would like to underline how important is the challenging mission we have been jointly undertaking. EFDI must be accommodating to different challenges under time constraints to meet its strategic goal, set by the members, i.e. cooperate with EU institutions closer and gain more recognition for EFDI by the EU authorities.

The Secretary General is at your disposal for answering questions, observations or concerns you might have regarding this matter.

Andras Fekete-Gyor
Secretary General, EFDI

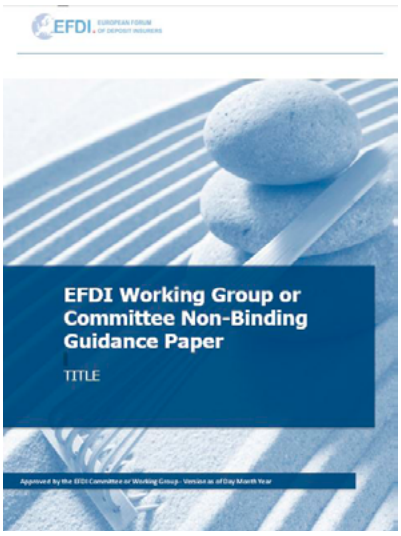
PLANNED TIMELINE FOR EFDI NON BINDING GUIDANCE/ PREPARATION OF DGSD GENERAL SURVEY

Dedicated D2I meeting (preparation and survey) : **P**reparation
EU Committee meeting (approval of guidances) : **D**ecision

Non binding guidance on:	May 2017 (Berlin)	November 2017 (Paris)	April 2018 (Amsterdam)	June 2018 (Prague)	September 2018 (Vienna)	November 2018 (tbd)
7-day payout	P		D			
Investment Policy		P	D1	D2		
Alternative Funding		P		D		
SCV Systems			P			D
Accounts and Special Cases				P	D	
HANDLED BY SPECIFIC WGs						
Stress-tests		Stress Tests WG			D	
Risk-Based Contributions		Risk-Based Contributions WG			D	
Depositor Information		Public Relation & Com Committee			D	

Planned timeline for EFDI non-binding guidance

EFDI GUIDANCE PAPERS: A FIRST APPRAISAL



Thanks to our colleagues in Amsterdam, Berlin, Paris and Prague, since 2017, five key-topics have already been put under scrutiny through the DGSD Implementation Initiative (D2I). Three guidance papers have already been issued, a fourth one may be submitted to the appreciation of EU Committee members during the Vienna meeting, other working groups and committees are working on additional papers, some more papers are planned for the year end and the next one.

What can we say about those first papers one year after the initiative has been launched?

This joint exercise is a very rich one. While, the DGSD constitutes our common reference and quite a precise one, we have fulfilled its prescriptions, considering also the national regulations, banking markets, institutional positioning of the DGS, options opened by the Directive itself, as well as various technologies. We have built practices and made the regulatory framework live in the reality of our concrete missions. Sharing what we have done, how we have implemented the text, what interpretations we made, what solutions we have found, were indeed necessary and are a very interesting and fruitful experience.

In line with this first observation, our approaches and practices are quite close, even if they are not identical. This does not totally come as a surprise, we have been used to this situation and we know where basically it comes from: our business is at the crossroad of several financial and non-financial regulations, a part of them being not EU-harmonised: e.g. bankruptcy laws, consumer laws, civil laws. In addition, our banking markets are different and the products they offer, except for the basic and standardised ones also differ. There is probably a limit at what harmonisation can do.

But in any case, even if our processes may be more complex than people usually imagine, we made major steps and at a steady pace in the implementation of the Directive since it has been voted on and transposed in each jurisdiction. Is that to say that our work is over and that everything has been completed? Probably not. We stand ready to meet the objectives of the DGSD, but we may have to refine our procedures and systems further, so they are more and more efficient, detailed and secured.

At this stage, what are the main learnings from the first guidance papers we have? Let me share here my first impressions.

As for the 7-day payout guidance, it was quite a challenge to articulate for all possible payment methods a valid technical formulation of the DGSD requirements to make available the repayment within 7 working days. But it was a successful one, indeed. It is also worth expressing here a concern which probably all practitioners could share: the shorter the repayment is, the more our ability in fulfilling our mandate relies on the quality of banks' SCVs. This is an area where, whatever the number and relevance of tests and controls DGSs do, disciplinary powers need to exist or to be exerted.

> "We have built practices and made the regulatory framework live in the reality of our concrete missions."

In the field of investment policy, the main conclusion I personally draw from the guidance paper is the importance of a holistic view in the definition and assessment of the investment portfolio. Liquidity and security, our main objectives, should not be assessed at the level of each investment line, or not only, but at the level of the global portfolio. With this angle, it looks quite useful to make an appropriate use of the DGSD provision relating to the so-called "similarly safe and liquid" assets.

Alternative funding, and especially additional alternative funding, is a rather new area, where market solutions have been recently applied

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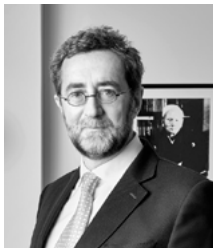
in several jurisdictions. Those progress have been made necessary not only because of the DGSD itself, but also when Banking Union DGSs realised that they could not necessarily count on the financing of Central Banks. When negotiating credit lines with the market, they could feel how unusual borrowers they could be seen by lenders, offering hardly any collateral, with no real business model and few comparable institutions, with big uncertainty about their liabilities. Another important reminder of the guidance paper is that DGSs might also think of beefing up their contribution-raising processes, so as to collect money from members within a few days.

The DGSD has further harmonised the definition of covered deposits, as well as the treatment of various "special cases", such as beneficiary accounts, undivided co-ownership or dormant accounts. This is the focus of the 4th guidance paper. This part of the coverage scope required from DGSs a lot of efforts and time, for precisely setting the definition of those cases, and for building and implementing additional processes. Those cases are potentially more numerous than the Directive would let imagine and offer significant interactions between the DGSD requirements and other laws and regulations. Quite importantly too, this is a field where DGSs could help depositors to better face difficult, sometimes desperate situations, where our role in some, even limited cases, takes an extra dimension. For all those reasons, a comprehensive review of all non-core banking products and of the best way to protect them could be helpfully undertaken by DGSs.



Thierry Dissaux, EFDI Chairman

COVERED DEPOSITS AND SPECIAL CASES

EFDI : "You presented a pragmatic approach, liked by others for a special case at the workshop. How do you find the draft guidance in terms of comprehensiveness and overall usefulness from your perspective?"

Tomasz Obal – BFG Poland:

"There are two important areas in the effective reimbursement of covered deposits.

The first one is to have a well-designed operational process. The most important challenge is the pressure of time and commencing the payout within the 7 working day period. The crucial issues are the quality of the depositors' data, access to the adequate financial resources and well designed and properly tested method of reimbursement.

The second important area is dealing with the "special cases" (e.g. THB, beneficiary account, payment to heirs etc.). These cases are out of the core process mentioned above. They are usually materially less important, but due to their complexity they involve a lot of DGS's resources. From an operational point of view, the important question is also which of the "special cases" could be dealt within the core 7-day reimbursement process.

In drafted EFDI Non-Binding Guidance some points could be considered as a source for dealing with complex issues which are common across the EU countries. The other specifics come from the fundamental differences of civil law. Therefore, there is no possibility to have unified solutions. Nevertheless, information about these differences could be very helpful or even indispensable e.g. in the cross-border payout processes.

Almost all the issues indicated in the drafted Guidance are very close to the "ordinary day challenges" of the DGS officials, thus it should be interesting and useful.

Tomasz Obal BFG, Poland

THE ARMENIAN DEPOSIT GUARANTEE FUND (ADGF) FINANCIAL EDUCATION PROGRAM

The financial education program designed by Armenian Deposit Guarantee Fund (ADGF) has not only the objective to improve financial knowledge about the deposit guarantee scheme, but also to provide financial skills relating to saving and investing behavior, managing personal finances, dealing with loans, literate use of banking services as a whole.

Although ADGF's Public Relations activities are targeted to the entire population and aimed at improving the level of awareness about deposit guarantee scheme through disseminating printed materials, broadcasts by TV and radio, etc., it has been cooperating with the Central Bank of Armenia in raising the level of financial literacy among young population.

ADGF is a member of the National strategy of Financial Literacy implementation activities, specifically targeted at youth. This creates multiplying effect, since during the financial literacy events teachers are educated as well, which pass in their turn their knowledge to others - their families and friends.

Within the financial literacy program, it is worth mentioning that ADGF launched a financial game for mobile operating systems, which includes

School financial education program. ADGF Armenia, 2018

Anti-café discussion', adapted to different age-group, profession or gender groups. ADGF Armenia, 2018

12 steps of financial questions relating not only to deposits and deposit guarantee, but also to loans, exchange rates, money creation, etc.

First users and winners of the game, mostly students, participated in club discussions held by ADGF addressing broad financial issues.

'Anti-café discussion' is an effective format frequently used by ADGF, which is a good opportunity to address various financial issues among interested participants from different age-groups, professions, and genders. Separate financial topic was developed specifically for women.

Recent activities of ADGF with schools have been limited, which is conditioned by the Armenian Government project of introducing financial education in school program. In this relation Armenian Government has already implemented pilot program by including financial education in a few schools. From September 2018 it will be introduced to all schools of Armenia, and financial education topic will be integrated into 3 subjects, including math, algebra, and social science. The program includes information about deposit guarantee, the scope of which was agreed by the ADGF.

Within the framework of financial education program, ADGF also prioritized targeting those bank' clients, who have little access to banking services, limited by getting pensions, salaries, transfers from abroad, scholarships, and allowances. With this respect, ADGF considers the importance of providing appropriate information to these group of people, so that they become more active and skilled users of broader banking services. ADGF has already ordered and soon will broadcast a video spot, which includes information about deposit guarantee scheme, and is targeted particularly to these mentioned categories of people.

Hermine Harutyunyan
Managing Directore of ADGF

3 NEWS FROM MEMBERS

FZD MONTENEGRO HOSTS TWO EFDI MEETINGS IN JUNE AND JULY 2018

Deposit Protection Fund of Montenegro hosted the EFDI PRC Committee Meeting, from 7th to 9th of June, 2018 in Budva.

"Testing times – the FSCS social media in a crisis", "Cooperation agreements within and out of EU/cross-border communication stress-tests" were presented. Furthermore, presentations on assessing public awareness were delivered by representatives from Sweden, Czech Republic, UK, France, Netherlands, Hungary and Montenegro, as well as a successful roundtable discussion on public awareness was held.

Deposit Protection Fund of Montenegro hosted the 6th Regional Meeting of Deposit Insurers from countries that geographically belong to the Balkan region and members of European Forum of Deposit Insurers, from 5th to 7th of July, 2018 in Kolasin. The Deposit Insurers from Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro and Serbia, all signatories of the Joint Memorandum of the understanding were present.

These regional meetings have been valued by all participants as highly beneficial, especially underlining the transfer of knowledge from new EU developments, in respect to the advancement of the countries' DIFs and anticipation of the countries' specific experiences in transposing EU requirements to the domestic legislation.

Snežana Ivanović
FZD, Montenegro

TEKE GREECE: PAYOUT PROCEDURES HANDBOOK

According to TEKE procedures the execution of payout is performed via an Agent Bank, on the basis of the provisions of the contract signed between the two parties. On July 16th 2018 TEKE and the Agent Bank signed a Procedures Handbook, framing the cooperation agreement between the two.

The Handbook resulted from the need to design detailed procedures for all aspects of the payout process which could not be included in the contract. It focuses on the Agent Bank's obligations and processes during a payout event and the communication with TEKE.

In designing the Handbook, both TEKE and the Agent Bank benefited from exploring the practical issues that may arise during a payout process and provide solutions beforehand. Moreover, several issues with regard to obligations of each side were resolved, so that both sides have a better understanding of what is expected by each stakeholder.

The Handbook covers in detail the following procedures:

- Activation of the payout process.
- Establishment of TEKE – Agent bank working group.
- Detailed processes involved in the preparation of the Agent Bank's network (branches) for payout. The Handbook includes the Agent Bank's circular to be distributed to its network in case of activation.
- Electronic files specifications, file transfer processes and detailed timelines.
- Activation of TEKE's bank accounts with the Agent Bank.
- Fund transfer
- Detailed Agent Bank's payout processes.
- Agent Bank reporting to TEKE
- Filing of info relevant to reimbursement (e.g. payment receipts).
- Claims handling process.
- Call center services and personnel training
- Payment of Agent Bank's fees.

The Handbook also describes all IT support functions (software application and files specifications, encryption methods, data validation) and templates for all aspects of the procedure, to be updated on a regular basis, and the Agent Bank's participation in stress testing exercises. It shall be complemented with cross-border payout procedures to the extent they diverge from domestic ones.

The Handbook is an invaluable addition to TEKE tools to safeguard a smooth payout process.

TEKE Team

AUSTRIA: FIVE DGSs AND LIPIZZANER STALLIONS…

(Good) old Austrian times

The Austrian banking market is for historical reasons (yes, partly going back to the k.u.k. monarchy) usually divided into five sectors according to the respective legal form of the banks. Each of these five sectors has its own DGS.

- **Banken & Bankiers:** credit institutions established as corporate entities
  DGS: Einlagensicherung der Banken & Bankiers (76 members; € 48,3 bn covered deposits)
- **Hypothekenbanken:** mortgage banks
  DGS: Hypo Haftungs Gesellschaft (9 members; € 7,7 bn covered deposits)
- **Raiffeisenbanken:** cooperative banks according to the Raiffeisen system
  DGS: Österreichische Raiffeisen Einlagensicherung (420 members; € 72,6 bn covered deposits)
- **Sparkassen:** savings banks
  DGS: Sparkasse Haftungs AG (53 members; € 50,5 bn covered deposits)
- **Volksbanken:** cooperative banks according to the Schulze-Delitzsch system
  DGS: Volksbank Einlagensicherung (10 members; €14,3 bn covered deposits)

In a payout case, a system called "overflow" ensures that, once the available financial means of the affected DGS have been exhausted, the deficits are borne pro rata by the other DGSs. In a regular working committee, the five Austrian DGSs exchange necessary information in the sense of an early warning system and work out common principles, such as the specification for the SCV.

New and (still) unfamiliar

The implementation of the DGSD into Austrian law in 2015 by the "Federal Act on Deposit Guarantee Schemes and Investor Compensation in Credit Institutions" (ESAEG) fundamentally changes this previous system.

From 1 January 2019, all CRR-credit institutions incorporated in Austria, which receive deposits, must be member of the **"uniform deposit guarantee scheme".** The previous DGSs shall transfer the available financial means from their deposit guarantee fund to the uniform deposit guarantee scheme. Uno actu, the previous DGSs are losing ex lege their role as deposit guarantee schemes. However, in 2019 they still have to draw up the accounting report 2018 for the respective deposit guarantee fund and can then, in short, be liquidated.

It would not be Austria, if there were not an exception to this principle: the Austrian Financial Market authority (FMA) may accept the application of an **institutional protection scheme** (IPS) to be recognised as a deposit guarantee and investor compensation scheme, if the IPS fulfils the requirements pursuant to Article 113(7) CRR, operates a deposit guarantee scheme as a legal person in the form of a liability company and guarantees by means of its articles of association and by means of a contractual agreement between its member institutions, that the deposit guarantee scheme is able to fulfil the tasks conferred upon it by ESAEG. The Austrian savings banks have submitted a corresponding application to the FMA, and will therefore in all likelihood not participate in the "uniform deposit guarantee scheme".

The exciting transitional phase

The uniform deposit guarantee scheme has already been set up as a limited liability company and is called **"Einlagensicherung AUSTRIA" (ESA).**

However, until 1 January, the company is not a deposit guarantee scheme in the legal sense, but has - in close cooperation with the existing DGSs - to prepare for the adoption of the agendas as of 1 January 2019.

Obviously, the definition of a model of risk-based contribution calculation (which allows for the different business models of all members in a well-balanced way) is on top of the agenda. In addition, all existing DGSs must ensure that the SCV-files of their respective member institutes have been audited until end of 2018 and are substantially in line with the common SCV-specification.

The question of how cross-border cooperation agreements are transferred from the existing DGSs to ESA is in the process of clarification.

The 2018 contributions to the deposit guarantee funds will still be calculated and collected by the existing DGSs.

Facts and Figures as of 06/2018 (only for those really interested in Austria)

- Company name: Einlagensicherung AUSTRIA GmbH (ESA)
- Members: about 520 (some mergers in progress)
- Covered Deposits: € 162,5 bn (more than ¾ of all covered deposits in Austria)
- Staff: 13 (0 of them kangaroos or Lipizzaner stallions)

Stefan Tacke, ESA

EDB – GERMANY: DERO BANK AG – A COMPENSATION CASE LIKE ANY OTHER COMPENSATION CASE?

Entschädigungseinrichtung deutscher Banken

We go back to February 2018, carnival season in Germany, when unsetting news reached the Compensation Scheme for German Private Banks („EdB"). One of the credit institutions within their scope, a so-called Dero Bank AG in Munich, is in severe trouble. EdB is on alert, but already well prepared as Dero Bank is under close supervision for a while. An audit was conducted by the Auditing Association of German Private Banks in October 2017 when the clouds above Dero Bank thickened.

Background - Back in the years 2016/2017 extensive dividend stripping trades were carried out via Dero Bank. The proceeds of the transaction come to an unspecified billions amount. The dividend on the shares runs to about 135 billion Euro. Tax on capital gains on the dividend was not deducted by Dero Bank. What follows were investigations for alleged tax evasions, multiple legal disputes and tax liabilities of approx. 37 billion Euro.

On 8 February 2018, exactly two years after the last pay out case in Germany, Maple Bank GmbH, the Federal Financial Supervisory Authority "BaFin" imposed a moratorium on the basis of over-indebtedness on Dero Bank's balance sheet, taking into consideration German tax liabilities and closed the bank for business with customers. A few days later, after Dero Bank advised BaFin on its impending insolvency and gave its consent to BaFin to initiate insolvency proceedings, BaFin filed for insolvency. Then, little happened for a very long time. It was not the carnival season that caused the delay, but further legal disputes initiated by Dero Bank. At long last, on 15 March 2018, the insolvency proceedings were opened. Thereupon, BaFin determined the occurrence of a payout event upon the German Deposit Guarantee Act.

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3 NEWS FROM MEMBERS

dero:bank

Dero Bank, Munich – Key Facts

- **LSI according to SSM Regulation**
- **No branches / cross boarder relations**
- **"Niche" investment bank for medium sized, capital market orientated companies**

Pay out Procedure – EdB and the colleagues of the Einlagensicherungs- und Treuhandgesellschaft mbH ("EIS") already had taken the necessary measures to be prepared for a pay out within a seven day pay out period. Already during the moratorium EIS conducted a consistency test of the SCV Files. The test of the SCV Files revealed, that quite some work needed to be done by the legal teams of EdB and EIS. Obviously, Dero Bank did not take the right classification of depositors, eligible or not, too serious. Particularly with regard to the exclusion of Financial Institutions according to Section 4(1) No. 26 CRR various interventions in bank applications and the SCV File itself have been made. Even after a thorough assessment of the legal team, due to the lack of information in the bank and publicly available, a decision pro or con pay out could not be made for some clients of Dero Bank. Those clients, mainly off-shore companies on the Virgin Islands and China, were contacted by EdB collectively with the eligible depositors after the determination of the payout case.

Already on the day of the occurrence of the payout event, EdB informed depositors and the special cases, mentioned above, via letter on the insolvency of their bank and the payout procedure. **155 potential creditors** with an amount of eligible deposits of approx. **660.000 Euro** received an information by the EdB. Compensation is usually provided via bank transfer. EdB therefore needs to get hold of a different bank account number, communicated by the depositor. As soon as such a bank account number is provided, EdB and EIS validate the depositor and its claim, and usually on the same day, transfer the eligible amount to the designated bank account.

On 19 March 2018, two working days after the payout event, 7.7% of the informed depositors already have replied and informed EdB on their bank account numbers. EdB and EIS started to pay out the depositors immediately. On 26 March 2018, seven working days after the payout event, the pay out to in total **55 depositors of 155 potentially eligible depositors** was completed. Since then, the proceedings are on a slow pace. Only two of those special cases came back with further information and were compensated shortly thereafter. Presumably, the background of the slowly dripping feedback, lies within the depositor structure of Dero Bank and the relatively small amounts of eligible deposits. EdB therefore decided on a second round of depositor information and contacted roughly 40 private individuals inviting them to response in order to be paid out. As of 1 August 2018, 109 depositors and an amount of approx. 400.000 Euro was paid out by EdB to depositors of Dero Bank.

> "Dero Bank did not take the right classification of depositors, eligible or not, to serious."

Taking the progress of this case into consideration, EdB expects that the pay out of depositors of Dero Bank will be with us for quite a while. Of course, EdB will inform the EFDI community on interesting news in regard to this specific pay out case, which hopefully will not turn into a German "Frankenstein Case" (thanks to DNB for this term as part of DGS language).

Corinna Streiter
General Counsel
Compensation Scheme of Private German Banks

PRESENTATION OF DEPOSITOR'S GUARANTEE FUND OF COOPERATIVE CREDIT BANKS, ITALY

Article 45 of the Italian Constitution states that "The Republic recognizes the social function of cooperation of a mutualistic, non-speculative nature. The law promotes and encourages co-operation through appropriate means and ensures its character and purposes through adequate controls. The law safeguards and promotes artisanal work."

As at 31 December 2017, the Italian cooperative credit system (CC) consisted of approximately 1.3 million shareholders spread over 289 member banks (BCCs), 4,255 branches and 36,000 employees. The CC network is mainly based on two components: an associative component and an industrial one. The national association "Federcasse" groups together the 15 regional federations that provide technical and operational assistance services on the territory. The industrial component provides centralised banking services to the BCCs (e.g. treasury, finance, payment services, etc.) through the three main second-tier banks around which, in the perspective of the recent reform, three distinct cooperative banking groups (Gruppo Bancario Iccrea, Cassa Centrale Banca Credito Cooperativo del Nord Est, Cassa Centrale Raiffeisen dell'Alto Adige) will be centred.

The new reform act (Law 8 April 2016, n.49) reaffirms and protects the identity and the role of BCCs, banks with prevalent mutualism and rooted in the territory. Communities remain full owners of their mutualistic co-operative banks, since autonomy is granted to each local bank, with a varying degree according to the risk profile of the single local bank.

From the left: the Chairman of EFDI and the Director General of the FGD, Roberto Di Salvo, after the signature of the Multilateral Cooperation Agreement

Looking back over the past 40 years, the financial safety net of BCCs contributed to ensuring financial stability in Italy by granting about 200 interventions of various types and sizes, registering only one case of pay-out (a very small one, in 1997).

The effectiveness of such an entirely private mutual approach is displayed by the fact that, over the same period, about 400 BCCs abandoned their original status as a result of mergers and transfers of assets and liabilities to other BCCs. Some winding-up cases have always been resolved in an orderly manner. This streamlining process has been carried out without any impact on (a) financial stability, (b) tax-payers, (c) bondholders, (d) relationship-based lending practices and (e) the wealth of local communities. Conversely, the raising trend of both BCCs' market

From the terrace of the new headquarters: (from the left) Massimo Di Giaimo and Marcello Bredice, Directors of the two main organisational areas of FGD.

> "The financial safety net of BCCs contributed to ensuring financial stability in Italy by granting about 200 interventions."

share of deposits and loans and loan-to-deposit ratio provide significant empirical evidence of their past contribution to the development of local economy (core "lending" business of BCCs as opposed to large, non-mutual banks which are not interested in this market).

The "private" nature of the Italian CC's financial safety net also discouraged moral hazard behaviours advancing the burden sharing principle through the provision of a greater contribution to the crisis solution by the local community (e.g., shareholders, board members, employees) and the regional federation (which, is in turn, responsible for conducting auditing activities on member banks).

At the end of 2016, after the DGSD2 transposition in the Italian banking law, FGD upgraded its Statute to a comprehensive risk minimization function. According to IADI Core principle 2, a deposit insurer performs a comprehensive risk minimization function when (a) risk assessment, (b) prudential oversight, (c) early intervention, and (d) resolution activities are conducted at member banks. Currently we have a staff of 10, divided into two main areas (i) monitoring of member banks, delivery and administration of interventions (ii) organisational development, financial analysis and external relations. The whole staff is also supported by, and operates in close cooperation with Federcasse, with which we share our new headquarters in the centre of Rome.

Recently we have signed the EFDI multilateral cooperation agreement, even though we do not have any branches abroad and therefore do not need to conclude bilateral agreements at the moment.

Nowadays, our DGS is primarily engaged in the implementation of DGSD2, through the following initiatives to be completed during the current year: implementation of the investment policy; migration of the risk-based contribution model to a new IT infrastructure; design and execution of the first operational test of the new procedure for reimbursing depositors through the agent banks; coordination of SCV training initiatives, software improvements and audit specifications at all of our current 275 member banks and their 12 IT outsourcers.

Marcello Bredice
FGD, Italy

MEMBERS DIRECTORY

Appointments

The Bank Depositors Compensation Board, Jersey

Mr Michael J. Halsey from the Jersey Bank Depositors Compensation Board is retiring as a Member of the Board on 31 July 2018. The new Secretary to the Board will be Mr Harry McRandle whose contact email is Harry.McRandle@jdcs.je.

The Investor Compensation Company DAC, Ireland

Following the retirement of Mr Jim Bardon, Ms Jane Marshall has been appointed as Chairperson of the Investor Compensation Company DAC, which operates the national Investor Compensation Scheme in Ireland.

The appointment is effective from 1 June 2018 and is for a period of three years. Jane Marshall is a solicitor, and was formerly a Partner with McCann FitzGerald Solicitors, one of Ireland's leading corporate law firms, where she specialised in the areas of Restructuring and Insolvency. She is also Adjunct Professor of Law at University College Cork.

janemarshall@investorcompensation.ie

IADI 55TH EXECUTIVE COUNCIL (EXCO) MEETING 28 MAY - 01 JUNE 2018

The International Association of Deposit Insurers and State Corporation Deposit Insurance Agency International Conference held in Moscow an international conference "Deposit Insurance: Promoting Accessibility and Convenience" took place in Moscow on 31 May 2018.

The conference was organized by the State Corporation Deposit Insurance Agency of Russia and the International Association of Deposit Insurers (IADI).

The conference was attended by more than 150 participants from 45 jurisdictions. The conference was addressed by the Governor of the Bank of Russia, Elvira Nabiullina, and Mr. Katsunori Mikuniya, the President of IADI, Chair of the IADI Executive Council and Governor of the Deposit Insurance Corporation of Japan (DICJ). In her welcoming remarks, Governor Nabiullina pointed out that the focus of the conference was very timely as modern technologies transform the financial market, and deposit insurers should be active participants of this transformation.

"The technological decisions that are implemented in the Russian deposit insurance system should make interaction of the Deposit Insurance Agency with failed banks' depositors and creditors more user-friendly and easy. Deposit insurance payouts, filing of creditor claims and access to the results of their consideration, receipt of abstracts from registers of claims, repayment of loans and finding out the size of indebtedness… – all such actions and requests are planned to be made in the electronic form", said Governor Nabiullina.

In his address to the conference participants, President Mikuniya stressed the important role that IADI plays in setting standards of deposit insurance and spoke of the current phase of implementation of IADI's Strategic Goals: promoting deposit insurance system compliance with the Core Principles; advancing deposit insurance research and policy development; and providing Members with technical support to modernize and upgrade their systems.

A number of distinguished speakers addressed the conference, including those representing deposit insurers from all over the globe, international financial organizations, central banks, and private businesses. The conference participants paid special interest to the speech of Stephen Murchison, Chair of the Financial Stability Board's (FSB's)

Financial Innovation Network and Advisor to the Governor of the Bank of Canada, who elaborated on the FSB work on systematization and analysis of developments in financial technologies (Fintech), identification of risks and benefits that arise, and development of internationally agreed approaches to the regulation of financial innovations. During the conference sessions, the participants discussed a number of emerging issues including the implementation of new technologies, the development of communication channels for interacting with banks' depositors and creditors, and the challenges for deposit insurers arising from Fintech developments that need to be addressed. The panelists stated that accessibility of services provided by deposit insurers should be coupled with adequate measures for ensuring the safety of personal data and minimization of losses that depositors could face.

Please kindly note that the International Conference speakers' biographies and their presentations may be found at the following site- www.iadi2018.ru.

IADI Secretariat General

4 WHAT IS HAPPENING ELSEWHERE?

EUROPEAN BANKING AUTHORITY SETS UP A TASK FORCE ON DEPOSIT GUARANTEE SCHEMES

As part of its mandate, EBA has recently initiated to set up a Task Force (TF) on deposit guarantee schemes. The objective with setting up the TF is, that EBA is more focusing on how regulations are implemented and working in practice. The TF that the EBA is suggesting will operate for 2 years only and will report to the highest body of EBA, which is the Board of Supervisors.

The members of the TF should either come from the publicly administered DGSs or the supervisors of DGSs and the privately administered DGSs can also be part of the TF. In order for those privately administered DGSs to take part in the meetings, the member from their Member State would need to invite them. EBA will encourage supervisors to invite private DGSs, but cannot force them. Such DGSs are proposed to get in touch with the relevant supervisor and should try to make a case, that they should be there.

In terms of modus operation, the intention is to have 2-3 physical meetings annually at the EBA, plus conference calls, group emails. Who will be the Chairperson is not decided yet, as EBA is waiting for candidates.

The main focus of the work is supporting the EBA in delivering of the mandate already in the DGSD, i.e. support of the Commission in drafting of a report on the implementation of the DGSD, to report on the calculation models, to make a peer review on the stress-testing exercise. However, the DGS community might bring other issues to the table as well.

Finally, the TF will not be a decision-making body.

IMF - EURO AREA POLICIES: TECHNICAL NOTE ON BANK RESOLUTION AND CRISIS MANAGEMENT

Please find here below and enclosed an article that IMF published about the Euro Area financial system transformations: http://www.imf.org/en/News/Articles/2018/07/17/na071918-the-euro-area-financial-system-on-going-transformation .

The euro area (EA) bank resolution and crisis management arrangements have been strengthened considerably over recent years, but work remains to complete and unify the regime.

The adoption of the Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism Regulation (SRMR), and the establishment of the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM) provide a foundation to deal with problem banks. The authorities remain committed to completing the banking union through the establishment of a backstop for the Single Resolution Fund (SRF) and a European deposit insurance scheme (EDIS) and other measures, many of which are in line with recommendations in this report.

The European Central Bank (ECB), the Single Resolution Board (SRB), and the European Commission (Commission) play key roles in the EA arrangements to deal with problem banks.

The ECB in its supervisory capacity, with the assistance of national competent authorities (NCAs), is responsible for recovery planning and taking early intervention measures against problem significant institutions (SIs). The SRB, together with national resolution authorities (NRAs), is responsible

4 WHAT IS HAPPENING ELSEWHERE?

The European Central Bank, Frankfurt

for resolution planning and taking resolution actions against failing banks within its remit, with certain actions (for example, adoption of resolution schemes) being subject to endorsement/non-objection by the Commission (the EU executive) and, in some cases, the Council of the European Union (hereafter 'Council;' an EU co-legislator). The Commission ensures that government financial support to problem banks—also in resolution actions—complies with the state aid regime and includes loss sharing by private creditors; it does so with restructuring requirements and post-restructuring monitoring of intervened banks. The newly established SRF may provide resolution financing. The European Stability Mechanism (ESM) is available for bank recapitalizations.

Some lessons can be drawn from the interventions in SIs that have been carried out under the new regime. One case was resolved under the BRRD/SRMR framework, whereas the others were handled outside the resolution regime. These cases and earlier experience point to the need to align the conditions and triggers of the resolution, state aid, and liquidation regimes; to strengthen liquidity support before and in resolution; and to "pre-schedule" resolution.

Despite significant progress, the bank resolution and crisis management arrangements face transitional and structural challenges, and improvements are needed to enhance their effectiveness and feasibility:

- **The regime for early intervention and advance resolution preparation should be strengthened.** Most of the recommendations below build on the authorities' ongoing efforts and address the early intervention regime; financing and liquidity support from the SRF, Eurosystem, and others; resolvability impediments; the availability of bail-in-able liabilities and banks' loss-absorbing capacity; close coordination and pre-scheduling of "failing-or-likely-tofail" (FOLF) determination and the "resolution weekend;" and cross-border cooperation.
- **Resolution decision-making procedures should be streamlined and the independence and powers of the SRB buttressed.** The authorities should explore options to strengthen the SRB's role in shaping crisis management policy and decision-making. Ultimately, if it were designated an independent EU institution, Commission or Council involvement in key decisions could be scaled back. Also, this status would allow the SRB to obtain a sufficiently high credit rating for the SRF (which would facilitate resolution funding), and to attain rule-making power (for example, to address system-wide resolvability impediments), inter alia.
- **Completing the banking union also requires a more unified, transparent, and predictable resolution regime.** Diverging national insolvency regimes as applicable to banks, subject to less stringent loss sharing requirements under state aid rules than in the SRM, deliver substantially different outcomes for bank creditors, and provide incentives for member states to resort to national insolvency regimes. Aligning loss sharing requirements under state aid rules with the more stringent SRM requirements in resolution would ensure that inconsistencies are not exploited to "escape" the resolution regime (especially bail-in requirements)—subject to alternative means of flexibility being introduced. To further harmonize the framework and reduce uncertainty, the SRMR should include an administrative bank liquidation tool for all banks within the SRB's remit and for banks that are considered systemic at the time of failure.

→

4 WHAT IS HAPPENING ELSEWHERE?

– **A financial stability exemption—to be used only in times of euro area-wide or country wide crisis and subject to strict conditions and governance arrangements—is essential to help mitigate critical constraints in the framework.** The SRM was designed to deal with idiosyncratic events. A financial stability exemption, subject to strict conditions and appropriate governance arrangements, would allow for departure from the 8 percent bail-in requirement for accessing the SRF and national public funds, and other limitations. Without such flexibility, the framework may become "time inconsistent" in circumstances where the risk of systemic contagion is severe. In the few scenarios where this flexibility might be needed, loss absorption by shareholders and subordinated debtholders should still be required as a minimum. The authorities should also consider an overarching system-wide crisis management framework, bringing together pertinent agencies to effectively cooperate in formulating feasible responses.

– **The banking union needs a common deposit insurance system and an SRF backstop.** A well-designed and adequately funded deposit insurance system would give confidence to retail depositors; a common system would address host countries' risk-sharing concerns. SRF funds will be limited even in the steady state after 2023; a credible backstop would reassure markets. The Commission's proposals for an EDIS and an SRF backstop (such as the ESM) are welcome.

– **Consideration should be given to paring back procedures for state aid oversight for resolution where decisions—including on resolution funding—are unlikely to affect competition or create an undue advantage.** Resolution decisions taken by the SRB rather than national authorities could be presumed to meet state aid rules (if outright exemption were not possible), considering the lower risk of distorting competition for national interest. Deposit and asset transfers funded by deposit insurance systems (DISs), when provided on a least-cost basis according to agreed fair and open procedures, could likewise be granted a presumption of compliance.

REMINDER : ANY NEWS TO PUBLISH?

Dear EFDI Members,

Do you have any news or information you would like to share with the EFDI community? For the next EFDI E-newsletter # 12, we are looking forward to receiving your input:

- **News about your organization,**
- **Information about past and future events and meetings your organization is hosting,**
- **Articles on topics of interest for the community, e.g. payout cases, new methods or new tools implementation,**
- **issues regarding the regulation, evolution of your organization mandate or structure.**

Please, send your contributions to the EFDI Secretariat at secretariat@efdi.eu until 15 October 2018.

A great thank in advance.

5 ABOUT EFDI

EFDI AT A GLANCE

European Forum of Deposit Insurers – Association of European Deposit Guarantee Schemes and Investor Compensation Schemes", abbreviated "EFDI", created in 2002, is an international non-profit association. The purpose of the Association is to contribute to the stability of financial systems by strengthening the role of Deposit Guarantee Schemes (DGSs) and Investor Compensation Schemes (ICSs) and promoting European cooperation in the field of deposit insurance.

EFDI has a close working relationship with major European and International organizations and academia, especially with the European Commission (EC), the European Central Bank (ECB), the European Banking Authority (EBA), the World Bank (WB), the International Monetary Fund (IMF), the European Financial Services Roundtable (EFSR), the European Banking Federation (EBF) and the International Association of Deposit Insurers (IADI), with which it develops strong relations.

72 Members Institutions ■ 59 Deposit Guarantee Schemes ■ 13 Investor Compensation Schemes ■ 47 countries from enlarged Europe.

Website: www.efdi.eu ■ Tweeter: @EFDI_Forum
Contact: secretariat@efdi.eu

EFDI LIST OF MEMBERS

I. FULL MEMBERS

■ **Albania**, Deposit Insurance Agency of ■ **Armenia**, Deposit Guarantee Fund of ■ **Austria**, Deposit Protection Company of the Austrian Commercial Banks; Österreichischer Sparkassenverband; Hypo-Haftungsgesellschaft mbH, Volksbank Einlagensicherung eG ■ **Azerbaijan**, Deposit Insurance Fund of ■ **Belgium**, Garantiefonds/ Fonds de Garantie ■ **Bosnia and Herzegovina**, Deposit Insurance Agency of ■ **Bulgaria**, Deposit Insurance Fund (BDIF) ■ **Croatia**, State Agency for Deposit Insurance and Bank Resolution ■ **Cyprus**, Deposit Protection Scheme ■ **Czech Republic**, Financial Market Guarantee System ■ **Denmark**, Guarantee Fund for Depositors and Investors managed by the Financial Stability Company ■ **Estonia**, Guarantee Fund of ■ **Finland**, Talletussuojarahasto - The Finnish Deposit Guarantee Fund ■ **France**, Fonds de Garantie des Dépôts et de Résolution (FGDR) ■ **Germany**, National Association of German Cooperative Banks - BVR; Bundesverband deutscher Banken e.V Einlagensicherungsfonds (BDB); German Private Commercial Banks Compensation Scheme for Depositors and Investors; German Saving Banks Association Deutscher Sparkassen und Giroverband Sicherungseinrichtung (DSGV); Depositor Compensation Scheme of the Association of German Public Sector Banks GmbH (Edö) ■ **Greece**, Hellenic Deposit and Investment Guarantee Fund (TEKE) ■ **Guernsey** Banking Deposit Compensation Scheme (GBDCS) ■ **Hungary**, National Deposit Insurance Fund of (NDIF) ■ **Iceland**, Depositors' and Investors' Guarantee Fund (TIF) ■ **Ireland**, Central Bank of Ireland - Irish Deposit Protection Scheme ■ **Italy**, Interbank Deposit Protection Fund; Deposit Protection Fund for Co-operative Banks; Bond Holders Guarantee Fund of Cooperative Credit Banks ■ **Jersey**, Chief Ministers Department-Jersey Bank Depositors Compensation Board (JDCS) ■ **Kosovo,** Deposit Insurance Fund (FSDK) ■ **Latvia**, Financial and Capital Market Commission ■ **Liechtenstein**, Deposit Guarantee and Investor Compensation Foundation PCC (EAS) ■ **Lithuania**, Deposit and Investment Insurance ■ **Luxemburg**, Association pour la Garantie des Dépôts Luxembourg (ABBL) ; Fonds de Garantie des Dépôts Luxembourg (FGDL) ■ **Macedonia**, Deposit Insurance Fund of ■ **Malta**, Depositor and Investor Compensation Schemes ■ **Montenegro**, Deposit Protection Fund of ■ **Netherlands**, De Nederlandsche Bank ■ **Norway**, Banks' Guarantee Fund ■ **Poland**, Bank Guarantee Fund ■ **Portugal**, Fundo de Garantia do Crédito Agrícola Mútuo (FGCAM); Fundo de Garantia de Depósitos ■ **Romania**, Bank Deposit Guarantee Fund ■ **Russia**, Deposit Insurance Agency of ■ **San Marino**, Central Bank of ■ **Serbia**, Deposit Insurance Agency of ■ **Slovakia**, Deposit Protection Fund of ■ **Slovenia**, Deposit Guarantee Scheme - Bank of Slovenia ■ **Spain**, Deposit Guarantee Fund of Credit Institutions ■ **Sweden**, National Debt Office (SNDO) ■ **Switzerland**, esisuisse ■ **Turkey**, Savings Deposit Insurance Fund ■ **Ukraine**, Deposit Guarantee Fund of (DGF) ■ **United Kingdom**, Financial Services Compensation Scheme (FSCS).

II. ASSOCIATES

■ **Bulgaria**, Investor Compensation Fund ■ **Croatia**, Central Depository & Clearing Company Inc. ■ **Cyprus,** Investors Compensation Fund of Clients of Investment Firms ■ **Czech Republic**, Securities Brokers Guarantee Fund ■ **Finland**, Investors' Compensation Fund ■ **Germany,** Auditing Banking Association ■ **Hungary**, Investor Protection Fund ■ **Ireland**, The Investor Compensation Company DAC (ICCL) ■ **Italy**, Fondo Nazionale di Garanzia ■ **Norway**, Investor Compensation Scheme ■ **Poland**, Central Securities Depository of (KDPW) ■ **Romania**, Investor Compensation Fund ■ **Turkey**, Investors Compensation Centre

Date 24 August 2018