



**COUNCIL OF
THE EUROPEAN UNION**



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PRESSE 109

Council approves new rules on deposit guarantee schemes

The Council today¹ adopted its position at first reading on a draft directive aimed at further harmonising EU rules on deposit guarantee schemes (DGSs) and enhancing depositor protection ([6707/14](#) + [5199/14](#) + [5199/14 ADDI](#)).

This will enable the European Parliament, with which agreement on the directive was reached in December, to adopt it at second reading at its plenary session on 14 to 17 April.

The agreed directive, which recasts directive 94/19/EC and its subsequent amendments, requires all banks to join a DGS so that all their covered deposits, i.e. eligible deposits of up to €100 000, are protected.

It requires DGSs to be supervised on an ongoing basis and to perform regular stress tests of their systems. Depositors will no longer have to submit an application for repayment if their deposits become unavailable. And the determination of their eligibility for repayment is further simplified and harmonised.

The main changes involve:

- Simplification and harmonisation, in particular relating to coverage and pay-out arrangements;
- Further reduction of the time limit for paying out depositors in the event of bank deposits becoming unavailable, from the current 20 working days to seven working days by 2024;

¹ At a meeting of the Justice and Home Affairs Council, without discussion.

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- Introduction of *ex-ante* financing arrangements, with a minimum target level for *ex ante* funds set, in general, at 0.8% of covered deposits to be reached within a 10-year period, collected from banks' contributions;
- Better access for depositors to information about the protection of their deposits, and for DGSs about their members (i.e. banks);
- Borrowing between DGSs on a voluntary basis.

The Council² agreed its general approach on the proposed directive in June 2011, enabling the presidency to start negotiations with the Parliament. These were put on hold when the latter voted its opinion at first reading in February 2012. Talks resumed in July 2013, after the Council agreed a general approach on a proposed directive on bank recovery and resolution, which is linked to the DGS directive as concerns the fund issue. Provisional agreement between the parties was reached on 17 December on both directives.

The Council reached political agreement on the DGS directive on 18 February.

Guarantee levels were already raised and pay-out deadlines reduced in 2009 following the near-collapse of Northern Rock in 2007, in order to prevent further bank runs. Specifically, the coverage level was increased from €20 000 to €100 000 and the pay-out deadline reduced to 20 working days.

The new directive will enter into force once it has been signed by both the Parliament and the Council and published in the Official Journal. Publication is expected in the weeks following adoption at the Parliament's April plenary session. The member states will have one year after entry into force to transpose it into national law.

² The Permanent Representatives Committee, on behalf of the Council.