

# Newsletter

Issue No. 2, August 2015

## MESSAGE FROM THE CHAIRMAN

Dear EFDI Members,



Welcome to the second edition of our EFDI Newsletter. First of all, I would like to thank all members who have contributed to this newsletter. We have once again compiled numerous very interesting articles and news from our membership for you. In this context, I would like to draw your attention to the field report from the Deposit Insurance Agency of Bosnia Herzegovina about the first payout case it successfully carried out earlier this year (page 3).

As you may remember, a focus of our current activities at the EFDI Secretariat is the improvement of our communication within EFDI and with the public. In this context, we are getting ready to relaunch the new website of EFDI. A first overview of the new website and its new functions will be presented at our Annual Meeting next month. Moreover, EFDI started its own twitter account this month. Our username is @EFDI\_Forum. We believe Twitter is one of the most useful social media network to keep you up to date with what's going on at the EFDI. In the future, we are looking forward to using this channel to enhance the exchange of information within the deposit insurance and investor compensation community and of course the outside world. If you or your organisation is already on Twitter, we would appreciate it if you followed the EFDI or passed this information on to your social media department.

If you are not yet on twitter, we hope that you may follow

soon. All the information you need about how to get started can be found here. Furthermore, this topic will also be taken up in the next PR Committee Meeting in Basel, on 11<sup>th</sup> September. PR Committee Chair Istvan Toth has also initiated a very interesting survey on the usage of Call Centers by DGS as a first step towards a best practice paper of the PR Committee. I hope all of you will find the time to take part in the survey. More information in this respect can be found on page 12.

With summer at its best I hope many of you are enjoying a well deserved break from your daily work before we all meet in Dubrovnik for the EFDI Annual Meeting & International Conference. Preparations by our Croatian colleagues are already in full swing to make this year's events a success. Further information on the event can be found in the Messages from the Board on page 2.

I want to conclude by encouraging all of you to stay active and send news about your organisations, information on past and future on events, as well as articles on topics of interest to the community for future newsletters. The EFDI Secretariat will be happy to provide assistance and information in this respect.

Wishing you an enjoyable lecture

Dirk Cupei

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## FOR YOUR DIARY

- |              |   |
|--------------|---|
| 14.08.15     | EFDI EU H2C Communication<br>Oslo, Norway                 |
| 02.-05.09.15 | EFDI AGM & International Conference<br>Dubrovnik, Croatia |
| 11.09.15     | EFDI PR Committee<br>Basel, Switzerland                   |

## DEAR EFDI MEMBERS,

The EFDI Board Members would like to take this opportunity to inform you about the program of the upcoming EFDI AGM & International Conference in Dubrovnik from 2<sup>nd</sup> to 5<sup>th</sup> September. First of all, we have introduced some new features:

### **Preparatory meetings of working groups and committees on the 2<sup>nd</sup> September**

The schedule for the meetings is as follows:

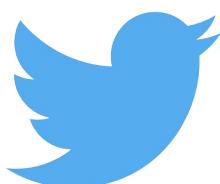
14.00 – 15.30	EFDI Board
15.00 – 15.30	Crisis Resolution WG
15.30 – 16.30	EU Committee
16.30 – 17.30	Steering Group
16.30 – 17.30	PR Committee
17.30 – 18.15	Research WG
17.30 – 18.00	Cooperative Banks
18.15 – 19.00	ICS WG

### **Exhibition space**

As already announced there will be facilities available for members to present themselves on the AGM. Please bring along your information material, brochures, etc. if you wish to make use of this opportunity.

### **EFDI @Twitter**

Starting this month, EFDI has its own Twitter account. On the occasion of our annual meetings there will also be a hashtag @efdi15, which we invite you to use to twitter about the event.



Moreover, with regard to the program of the annual events, we would like to highlight several aspects to you:

### **Candidates for EFDI Auditor position**

As announced via email, after this AGM our current auditor Jan-Geert Schouwstra will no longer be available for this position. Therefore, we are asking all members interested to take over this position to inform the EFDI Secretariat of their candidacy.

### **Report from the Steering Group**

The EFDI Steering Group, which was tasked with the review and elaboration of proposals for amendments to the EFDI Statutes, has concluded the first part of its mandate. Steering Group Chair Joseph Delhaye will be presenting its results and proposals to this year's AGM for feedback and discussion with members.

### **International Conference Program**

Following the significant changes in our European regulatory landscape, this year's International Conference is dedicated to various aspects of the new EU Directives on Deposit Guarantee Schemes and Bank Resolution. Within the framework of several panels, we would like to exchange experiences with you regarding the application of

the new requirements in practice. In this context, we would like to once more invite you to express your interest to the EFDI Secretariat if you would like to participate in the Panel III on DGSD Implementation.

Another focus will be on the increased need for cooperation and exchange of information among authorities at all levels. Moreover, we will take a look at what might come in the future - e.g. a pan-European DGS or a network of national DGS.

Finally, the conference will also take a look at the topic of alternative financing arrangements - what exactly it means and which options there are for DGS and ICS.

The detailed conference program will be sent to you soon.

We hope that many of you will be able to attend the events in Dubrovnik and are looking forward to meeting you all there.

Please be informed that the next meeting of the EFDI Board following the meetings in Dubrovnik will be in Luxembourg on 21/22 October.

Your EFDI Board



**EFDI 2015 INTERNATIONAL CONFERENCE AND ANNUAL MEETING**  
**„SAILING TOWARDS FINANCIAL STABILITY“**  
02-05 SEPTEMBER 2015  
DUBROVNIK, CROATIA

DRŽAVNA AGENCIJA ZA OSIGURANJE ŠTEDNIN ULOGA I SANACIJU BANAKA  
STATE AGENCY FOR DEPOSIT INSURANCE AND BANK RESOLUTION



# Field report DIA Bosnia-Herzegovina

## THE FIRST INSURED DEPOSITS' PAYOUT CASE



From the day of its founding in 2000, when as a legal successor of the two entity-level deposit insurance agencies it was raised at the state level, the Deposit Insurance Agency of Bosnia and Herzegovina (DIA BiH) was for the first time faced with the insurance event and reimbursement of insured deposits in mid-January 2015.

The Agency is an independent, non-profit financial institution that has no lender of the last resort in a crisis situation. The Agency consists of the Agency's headquarter and branch offices in each entity. From a total of 26 Member Banks of deposit insurance scheme, DIA has had 25 member banks as of 31<sup>st</sup> December 2014. The Agency operates as a "pay-box" that is mandated for the payout after the occurrence of the insurance event, which means that the revocation of the bank's operating license is the so called 'trigger' for the reimbursement of insured deposits.

Competent Supervisor – the Banking Agency of Republika Srpska has on 27<sup>th</sup> November 2014 introduced a Provisional Administration in Bobar banka a.d. Bijeljina, a member of the deposit insurance scheme. On 23<sup>rd</sup> December 2014, a supervisor issued a decision to revoke the operating license from Bobar Banka a.d. Bijeljina.

In accordance with Art 12.2.3 of the Law on Deposit Insurance, DIA BiH is obliged to complete the reimbursement of insured deposits within 60 days from the date of revocation of license.

On the same day when the license was revoked, the 23<sup>rd</sup> Dec 2014, the DIA

Management Board makes a decision on termination of membership and insured deposits reimbursement via the Agent Bank - UniCredit Bank a.d. Banjaluka. On 25<sup>th</sup> December 2014, the database is taken from the failed bank. Checking of the database lasted until 5<sup>th</sup> January 2015. On the same day DIA BiH transferred the database to the Agent Bank which was reimbursing the insured deposits. On January 8<sup>th</sup> 2015 DIA started sending notices to depositors via the Post Office – Notification included the breakeven balance as per the day of withdrawal of the license (a Single Customer View per clients which included deposit balances and outstanding liabilities of clients).

DIA BiH held meetings with the appointed Provisional / later on a Liquidation Administrator during the introduction of the provisional administration and after the decision on revocation of the bank's operating license.

The funds for the payment of insured deposits was provided from the Deposit Insurance Fund and transferred to the bank account of the Agent Bank. During the provisional administration total KM 20 million from the failed bank's mandatory reserve held at the Central Bank of Bosnia and Herzegovina was transferred to DIA BiH. Later on, additional KM 10 million was transferred to DIA from the failed banks' assets.

The payout process was coordinated with the Agent Bank. There were defined and prepared numerous documents, including:

- A request for reimbursement of insured deposits;
- Statement of subrogation - transfer

- of receivables (at the counter desk);
- Agent Bank delivered to the clients' home address the invitation letters with exact date of arrival for collecting insured deposit reimbursement which was made in alphabetical order.

The payout process started on 19<sup>th</sup> January 2015 with the statutory deadline for the completion of payments by 60 days - that is the 23<sup>rd</sup> of February 2015. Depositors' right to file their claims expire within five years from the date of revocation of license.

As it is mentioned, reimbursement started on 19<sup>th</sup> January 2015 at 112 payout locations (32 branches and 5 agencies) for a total of 21,379 customers in the amount of KM 86,610,266.84 (≈ EUR 44,283,144.64).

According to official data as per 19<sup>th</sup> March 2015, there are reimbursed in total 13,091 depositors in the amount of KM 79,981,079.94 (≈ EUR 40,893,676.82).

DIA BiH has organized its staff for payment of insured deposits in a three (3) payout teams:

1. Team on the field,
2. Team for complaints,
3. Team for relations between the failed bank and Agent Bank.

There were noted certain difficulties in dealing with complaints of depositors, and the most common reasons for filing the complaint were due to disagreements between the documentation of depositors and database, for example change of address – returning of the payout notification, technical issues such (*continued next page*)

## Field report DIA Bosnia-Herzegovina

as a wrong name or identification number, the problem with returning pensions from abroad and exclusions in accordance with Article 5 of the Law on Deposit Insurance.

In terms of campaigns and public relations, the DIA has used traditional channels of communication:

- A website for depositors of the failed Bobar Banka,
- Involvement of all employees to take calls and receiving clients of the failed bank,
- The electronic media - TV and radio,
- The print media - the major newspapers,
- Broadcast of video announcements for depositors of Bobar Banka for 1 minute on major broadcasters,
- DIA dealt with thousands of phone calls and written requests (there was 313 complaints received and resolved - 23 of them being justified complaint).

Until and including 30<sup>th</sup> June 2015, there was paid KM 83,574 thousand of insured deposits (96.25% of insured deposits) respectively 13,984 insured depositors (65.36% of the number of insured depositors). Please note that the greatest amount of insured deposits was paid in the first three weeks (the period from 19 Jan -7 Feb 2015, i.e. 87% of the total value of insured deposits, or 55% of the number of insured depositors).

Although in comparison to other DGS, DIA BH is a fairly young institution, we are very proud of our first reimbursement of the insured deposits which went smoothly without any problems.

In this regard, we particularly underline our software solution for the insured deposits payout, a so-called Single Customer View (SCV) on bank clients which, in

addition to dedicated and professional management and employees of the DIA BH represents the key of our successful reimbursement of insured deposits. DIA confirmed and justified the purpose of its existence, and gave its full contribution to the avoidance of panic and preserved the stability of the financial system in Bosnia and Herzegovina.

In the context of legislative reforms in our country and changes in the light of the new EU Directives (DGSD and BRRD), on 18<sup>th</sup> June 2015 meeting was held with the IMF representatives about future steps of cooperation. The IMF TA mission to Bosnia and Herzegovina is planned for September 2015 to continue working with the financial safety network participants on the Law on Deposit Insurance, entity-level laws on banks and bank resolution issues.

DIA BH has agreed on cooperation with the World Bank (Technical Assistance) for couple of issues such as: amendments to the draft Law on Deposit Insurance (shortening of the payout time framework, compulsory membership), production of the stress test manual for assessment of the DIA's capability for the payout in stress scenario in cooperation with other financial safety network participants, up-dating of the MoU between the DIA BH, Central Bank of BiH and competent banking supervisors, guidelines in terms of the new DIA BH role, consideration of the new options for DIF strengthening, risk-based premium model). The preparatory preliminary meetings with the World Bank were held in May 2015. Continuation of the World bank's TA mission is also agreed for September 2015.

### Dear EFDI Members,

Do you have any news or information you would like to share with the EFDI Community?

For the next newsletter we are looking forward to receiving your input, e.g.

- news about your organization
- information about past and future events and meetings
- articles on topics of interest to the community, e.g. payout cases, implementation issues regarding the DGSDII, etc.

Please send your contributions to: [secretariat@efdi.eu](mailto:secretariat@efdi.eu) until **15<sup>th</sup> November 2015**.

**If you have any questions concerning the newsletter or ideas for improvement, please send an email to the EFDI Secretariat. We are looking forward to hearing from you!**

# Field report NDIF Hungary

## PAYOUT CASES IN HUNGARY



**National Deposit Insurance Fund of Hungary**

SAFE DEPOSIT, GRANTED REFUND.

### Deposit Guarantee Scheme (DGS)

*Bond issue to refinance ELA from central bank*

After the withdrawal of the operating license of the DRB Banking Group (consisting of 4 regional banks) by the Central Bank of Hungary (CBH) in March 2015, NDIF compensated 73,000 depositors in the amount of HUF 108 billion (approximately EUR 350 million).

In order to fulfill its payout obligations within the statutory 20 business days, NDIF received a three-month emergency liquidity assistance from CBH in the amount of HUF 108 billion. To comply with the EU prohibition of monetary financing, NDIF issued bonds, first ever in its history, to refinance the emergency bridge loan received from CBH. The bonds were purchased by a consortium of four major players of the Hungarian banking sector (OTP Bank, TakarekBank, MKB Bank and ERSTE Bank). In the first three-month interest period (between June 3, 2015 and September 2, 2015) the interest rate of the bonds will be 2.79% p.a.

### Investor Protection Scheme (IPS)

*BudaCash Brokerage House*

On March 4, 2015 CBH acting in its capacity as the supervisory authority of financial institutions revoked the operating license of the brokerage firm Buda-Cash (BC), one of the biggest independent brokerage firms of the Hungarian capital market, and initiated its liquidation, which was ordered by the competent court. For the time being, 9,000 clients filed claims with the Investor Protection Fund (IPF) for compensation. CBH also filed a motion for criminal investigation with the police. BC's clients will be compensated by the IPF up to the HUF equivalent of EUR 20,000 per client upon the receipt of the missing securities' inventory to be given by the liquidator.

### Quaestor Securities

On April 17, 2015 CBH also withdrew the operating license of Quaestor Securities, another brokerage house, and initiated its liquidation, which started on April 22, 2015. Up to the present, 32,000 clients have filed their claims for compensation in the total amount of HUF 211.5 billion (EUR 682 million). The IPF has started very recently the compensation of 23,656 clients in the amount of HUF 88 billion (approximately EUR 283 million).

As a result of a new special law approved by the Hungarian Parliament at the end of April 2015, a separate fund called „Quaestor Compensation Fund” (to be managed by the IPF) will perform a topping-up compensation of bond holders issued by Quaestor Securities from EUR 20,000 up to the HUF equivalent of EUR 100,000. After challenging the legislation at the Hungarian Constitutional Court by a member institution of IPF, this payout has been suspended until the decision of the Constitutional Court, which is expected to be taken some time in this autumn.

### Hungaria Securities

On April 20, 2015 the CBH withdrew the operating license of Hungaria Securities, another brokerage house. This decision cleared the way for the IPF compensation procedure, which procedure started on May 22, 2015. Clients, using a claim form, are entitled to apply for compensation within one year.

CBH also initiated criminal investigation in this matter. Hungaria Securities' clients will also be compensated by IPF up to the HUF equivalent of EUR 20,000 per client.



## News from Members

### GERMANY: NEW STRUCTURE OF THE BVR INSTITUTIONAL PROTECTION SCHEME



Jahre  
Sicherungseinrichtung des BVR

Transposing the DGSD into national law the new german „Deposit Insurance Act“ (“EinSiG”) entered into force on July 3<sup>rd</sup> 2015. Many standards set by the DGSD - such as ex-ante contributions, risk-based contributions, compliance with the pre-conditions in case fund means are used for “alternative measures” strengthening the trust of depositors, etc. – are already matters of course for the German cooperative BVR Institutional Protection Scheme (IPS).

However, some points had to be adjusted in the context of the DGSD/EinSiG. BVR had to design an IPS that is officially

recognized as DGS. Therefore e.g. a legal claim for an up to 100.000 €-compensation had to be integrated and several technical questions like the Single Customer View or processes for payouts within 20/7 days had to be solved. The latter although payouts are unrealistic in non-nature cases for an IPS.

BVR’s aims when adjusting the system were (amongst others) keeping the existing effective and high level of deposit protection, going on with the well-known and since more than 80 years successfully operating Institutional Protection, keeping flexibility concerning measures undertaken by the IPS as well as compliance with article 113

(7) CRR. These aspects finally lead to the new so-called “dual system”: The existing IPS (“BVR-SE”) remains in place – now as an additional and voluntary system. A new, second IPS (“BVR Institutssicherung GmbH” / BVR-ISG) is added. This second IPS is 100% owned by the BVR and it was officially recognised as DGS on June 30th 2015 by the german authorities.

BVR-ISG fulfills all standards set by DGSD / EinSiG. To keep flexibility the now voluntary BVR-SE is not going to apply for official recognition. Each of the systems is an IPS as per article 113 (7) CRR.

More information on [www.bvr.de/SE](http://www.bvr.de/SE) and [www.bvr-institutssicherung.de](http://www.bvr-institutssicherung.de) (so far unfortunately only in German language).

### DEPOSIT INSURANCE FUND, REPUBLIC OF MACEDONIA

The Macedonian DIF has started this year with the assignment of a new Director, Mr. Goran Ancheski, upon retire-



New Director Goran Ancheski

ment of the previous director Mrs. Nina Nasteva. Mr. Ancheski, as an owner and CEO of private consulting / production company, is an experienced professional who has been equally engaged in public and private sector. As a professional in public finance he worked as an Assistant Minister responsible for International

Finances and Public Debt and has been assigned as a leader of many teams of experts working with IMF, WB, EU, EBOR, UNDP, USAID) he has also worked as an Advisor to Minister of Trade, Advisor in Economy for the EU Commission and many other projects related to International organizations. In private sector as an accountant, financial analyst and CFO in several big companies in the country and abroad. He holds MBA diploma.

The fresh beginning of the year was marked by adoption of a new progressive Financial Plan for year 2015 which envisages procurement and implementation of new technology important for keeping up with the modern society and development of the banking sector.

During the last six months the Macedonian DIF has been working hard on revising the rulebooks which outline the essentials of performance as well as the operational functioning of the DIF.

As an institution responsible for strengthening financial stability of the country, especially in terms of global financial crises, the DIF decided to proclaim reimbursement of depositors infinite, further to the legally prearranged period of five years. The idea to cut out the statute of limitation for reimbursement came from few cases of complicated, long-lasting and not well managed bank resolution cases, as well as many long-term inheritance cases trapped in the judicial labyrinth, when depositors held no fault for not raising the reimbursed amounts from agent banks.

We have also revised and amended the rulebook which define the manner of managing the investment portfolio of the DIF. This intervention was inspired by few changes previously made to the Law on Deposit Insurance Fund where it was arranged that 95% of the DIF funds shall be invested in treasury bills issued by the Macedonian Government.

## News from Members

### ARMENIAN DEPOSIT GUARANTEE FUND

The Armenian Deposit Guarantee Fund (hereinafter referred to as the Fund) initiated a number of amendments and additions into the RA law on "Guarantee of Remuneration of Banking Deposits of Physical Persons", which were submitted to the approval of the National Assembly of the Republic of Armenia. Proposed key changes aim at strengthening protection of depositors' interests by increasing coverage, facilitating payout process, as well as shortening of payout period.

Particularly, changes include

1. Increase of the current maximum coverage limits of AMD 4 mln to AMD 10 mln (approximately EUR 18,868),
2. Providing separate coverage for depositors of each of the merging banks for a stated limited period,
3. Applying set-off on the difference between deposits and overdue liabilities, instead of the difference between deposits and total liabilities,
4. Extending the period for applying for reimbursement from the current 1 year to 3 years,
5. Reduction of payout period by defining transitional period from 20 working days to 7 working days until 2024,
6. Decrease of payout period for each depositor from the current 3 months to the 3 working days.

As a member of the Financial Literacy National Strategy Development and Implementation Committee of the Republic of Armenia since 2012, the Fund was involved in implementation of financial education activities. Formerly, the Fund had an opportunity to introduce implemented financial education activities at the conference organized by the Austrian National Bank in Vienna. In the framework of international cooperation the Fund introduced financial literacy program to the Bulgarian colleagues during their visit to the Fund. The Fund had its active participation in the program "My finance month" initiated by the

Central bank of Armenia under national financial literacy program.

Currently, the Fund focuses on organizing financial education events in different regions of Armenia.

This year marks the 10<sup>th</sup> anniversary of the establishment of the Fund. On this occasion on 25 June 2015 the Fund organized a celebration by organizing a special event in the town of Tsakhkadzor. A seminar was held, with the main topic



*Anniversary Celebrations at ADGF*

related to the relationship between safety-net participants. Representatives from different departments of the Central Bank were invited.

### 1<sup>ST</sup> MEETING OF BALKAN REGION EFDI MEMBERS

Croatia hosted first gathering/meeting of EFDI members from Balkan Region, which took place on March 27<sup>th</sup> 2015 in Zagreb.

Representatives of Albanian, Bosnian, Montenegro, Macedonian and Serbian deposit insurers were participating in the meeting.

Together with sharing best practices and recent experience from each market, topics that were discussed

on the meeting were related to the new EU Directives and implementation in the orthcoming period.



*EFDI Members from Balkan region meeting in Zagreb*

Participants shared status update related to implementation of Directives into their national legal framework and expressed opinion on expected influence on financial stability form perspective of deposit insurance.

The clear need for signing the memorandum of understanding, between participating members, was joint conclusion of the meeting in order to enable and improve further exchange of experience, information and knowledge and in order to easier align protection of depositors in the Region protecting overall financial stability in accordance of EU directives.

## News from Members

### ACTIVITY UPDATE OF THE HELLENIC DEPOSIT AND INVESTMENT GUARANTEE FUND

#### **Transposition of Directive 2014/49/EC on deposit guarantee schemes and Directive 2014/59/EE on bank recovery and resolution**

The draft laws incorporating Directive 2014/49/EC (Directive on Deposit Guarantee Schemes - DGSD) and Directive 2014/59/EE (Bank Recovery and Resolution Directive – BRRD) have been submitted to the Ministry of Finance but their approval by the parliament is still pending. The Hellenic Deposit and Investment Guarantee Fund (HDIGF) presided over the committee preparing the draft legislation on DGSD and also participated in the committee for the transposition of BRRD.

#### **Financing of resolution initiatives**

On June 17th, 2015, the authorization of credit institution 'Panellinia Bank S.A.' was withdrawn. 'Piraeus Bank S.A.', following an offer, acquired assets and liabilities of the former. The service of

'Panellinia Bank S.A.'s clients continued uninterrupted by the acquiring bank. The transferred liabilities included the deposits in their entirety, while the transferred assets included mainly loans, except for those in permanent delay or in delay for more than three years.

The funding gap, namely the difference between the value of assets and liabi-



EFDI Members visiting Acropolis in Athens

lities to be transferred to the acquiring credit institution, shall be covered by the HDIGF, acting as Resolution Fund and Deposit Guarantee Scheme. According to the legal framework, the amount corresponding to covered deposits minus transferred liabilities shall be covered by the deposit guarantee fund and the

remaining funding gap by the resolution fund. The provisional funding gap has been estimated to €273.2 million, while the final evaluation shall be set at the latest six months after the bank's license withdrawal, namely by October 2015.

#### **EFDI EU Committee hosting in Athens**

On Monday 8th and Tuesday 9th of June 2015, the HDIGF hosted the EFDI EU Committee meeting in Athens.

Issues discussed evolved around the member states' progress on the transposition of the Directive 2014/49/EU on Deposit Guarantee Schemes, the European regulatory framework on credit institutions recovery and resolution, the functioning of deposit guarantee schemes in compensating depositors in branches in another EU member state and the progress of the work of H2C subgroups.

In parallel, on Monday 8th, meetings of H2C subgroups on Legal Issues, on Communication and on Finance & Risks took place in Athens, with the aim to push forward the project to its completion.

### NDIF HUNGARY: ORGANIZATIONAL CHANGES

#### **Management change at the IPF**

The Board of Directors of IPF has appointed Andras Fekete-Gyor to serve as the Managing Director of IPF as from June 1, 2015. His predecessor, Peter Farkas, who resigned from his position at the end of May 2015, had served at the Hungarian IPF as managing director for almost 20 years.

#### **Merger and new IPS limit**

By way of amendments to the related laws on DGS and IPS, the Hungarian Par-

liament decided to merge the working organizations of the Hungarian DGS and IPS, effective as of January 1, 2016. The integrated staff will be managed by the



Managing Director Andras Fekete-Gyor

DGS's Managing Director although the two funds remain separated legally and financially.

The Parliament also decided to raise the maximum compensation limit of the investment protection scheme from the HUF equivalent of EUR 20,000 to EUR 100,000, as from January 1, 2016.

## News from Members

### NEWS FROM THE BULGARIAN INVESTOR COMPENSATION SCHEME

In May 2015 the Bulgarian Investor Compensation Fund /BICF/ celebrated 10 years of its establishment.

During the time of functioning the Fund was an active partner on national and international level in all processes of assessment and amendments of the legislation for the investor compensation schemes. The Fund also has been working hard toward enhancing the investor protection in Bulgaria by proper gathering and management of resources for compensation, as well as by establishing firm relations with partner institutions in the field of investor compensation.

#### **First Compensation Case**

In 2015 the first investor compensation case was registered in Bulgaria. The failed investment intermediary was in a bad financial situation for a long time. The missing assets include only cash money. There aren't any financial instruments lost. The estimated compensation amount is EUR 21 700 for 231 investors. Up to now there isn't any claim for compensation payment except one which was not legally grounded.

#### New Legislation

In 2015 a new law that implements BRRD

requirements is expected to be adopted in the national legislation. The draft law provides establishment of an additional fund for investment intermediaries' resolution which will have to be managed by the BICF.

Except gathering annual contributions from the participants and investing it, the BICF will have to apply some resolution tools like establishment of bridge investment intermediary, bridge holding company as well as applying of asset separation tool. The target fund level will be 1% from the clients' money eligible for compensation. The deadline to reach the target fund level is 31.12.2024. The total amount of annual contributions is going to be determined by the Financial Supervision Commission for each year. The annual installments should start to be gathered from 2017.

#### **New Corporate Identity**

The Bulgarian ICF changed its corporate identity and has a new logo. The fund also changed its website recently. You can see it here.



#### **New Management**

As of 1<sup>st</sup> of July 2015 the Bulgarian Investor Compensation Fund has a new management. Teodora Yakimova-Drenska



Teodora Yakimova-Drenska

was appointed as Chair of the Management Board. She replaced the former chairman Milet Mladenov whose mandate expired. Diyana Miteva-Boncheva was appointed as Deputy Chair. She used to work for many years for the Fund.

### ICS ROMANIA

#### **Summary update on compensation cases in Romania.**

The Romanian Investor Compensation Fund has closed the "Eurosavam" Compensation Case on June 19<sup>th</sup> 2015. The compensation procedure started in October 2014 and there were 4 investors claiming compensation.

The total payment was of 76.733 RON (approximately 17.000 EUR) and was made to 1 investor, after the thorough analysis of the documentation provided. The "Harinvest" case is still ongoing and

payments are expected to be made in September 2015.



FCI Head Stefan Chirtu

#### **10<sup>th</sup> Anniversary of FCI**

The Investor Compensation Fund from Romania has celebrated 10 years since its inauguration on June 29<sup>th</sup>, 2015. With this occasion, we thank the EFDI staff, Members and Associates for all their contribution to the development of this great community and for all the valuable information we gathered by being part of this Forum.

# News from Members

## NEWS FROM ESISUISSE

### Annual Report 2014

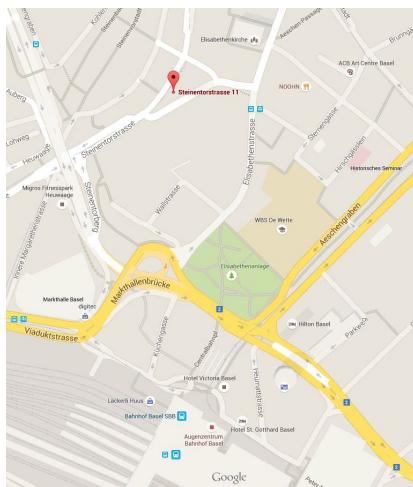
esisuisse has published its third annual report. The electronic version can be downloaded in English, German, French and Italian.

### New esisuisse office

The esisuisse team is happy to inform all EFDI members that they have moved to a new office. Starting from August 1<sup>st</sup> the new contact details are as follows:

**esisuisse**  
Steinertorstrasse 11  
4051 Basel

The esisuisse office can now be reached under +41 61 206 92 92.



### MoU with Sedesa (Argentina)

Sedesa and esisuisse signed a MoU in Buenos Aires on the 18th June 2015. The two CEO's Alejandro Lopez of Sedesa and Patrick Loeb of esisuisse exchanged the signed documents in the presence of the Board of Sedesa.

The MoU governs the know-how exchange between the partners and encourages for cooperation in institutional matters. The MoU partners will support each other in all the fields of common interest and are committed to use the partnership also for training purposes. If

### New team members at esisuisse

Lucas Metzger, COO:  
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Jean-Marc Felix, Media Relations:  
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Claudia Petersen, Administration:  
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### 2015 esisuisse General Assembly

On May 20, 2015, esisuisse's yearly General Assembly took place in Zurich. Deputy President Barend Fruithof lead through the meeting very efficiently and all agenda items passed smoothly without any objections from the floor. In addition to the esisuisse member banks Barend Fruithof welcomed - amongst others - guests representing the Swiss regulator FINMA, the State Secretariat for International Financial Matters and EFDI President Dirk Cupei.

Guest speaker Prof. Dr. Rolf Sethe from the University of Zurich set a highlight with his speech on "Deposit protection and investor compensation in view of market access". The presentation was followed by a panel discussion on the



*Signing of MoU in Buenos Aires*

This MoU is of special interest to both

same topic chaired by deputy CEO of esisuisse Lucas Metzger. Prof. Sethe and Dirk Cupei were joined on the panel by esisuisse CEO Patrick Loeb.

After a very lively discussion including questions from the floor the chairman closed the meeting and invited everybody present to an apéro rich which was used very actively for networking purposes by the approximately 60 attendees.

### Short film about FINMA's role

esisuisse has published a new short film about the role FINMA plays in the financial system as well as its involvement in depositor protection.

Sedesa and esisuisse, because both partners are private DGS's and therefore face comparable institutional aspects.

Patrick Loeb made various presentations during his visit in Buenos Aires about the design features of the Swiss Deposit Insurance. The Argentinian authorities showed great interest in the described mechanism of the Swiss Deposit Insurance System. They were impressed by the use of "off the shelf" elements in the payment system and that the primary source for the payout is the remaining liquidity of the failing institution.

## News from Members

### NEWS FROM ESISUISSE

#### **MoU with IDIC (Indonesia)**

On the 27<sup>th</sup> of July 2015 the Deposit Insurance Corporation of Indonesia (IDIC) and esisuisse signed a MoU between the two organizations. The signing ceremony was hosted by the Ambassador of the Republic of Indonesia in Switzerland, her Excellency Ms. Linggawaty Hakim.

Ambassador Hakim opened her Residency for this event and invited the representatives of IDIC and esisuisse for a traditional Indonesian lunch. The CEO's of IDIC and esisuisse, Christopher Heru Budiargo and Patrick Loeb, signed and exchanged the documents.



*Signing of the MoU in Bern*

The MoU governs the aspects of Information sharing, exchange of expertise and experience including personnel. The two parties committed to meet at least once a year on a bilateral basis. Ambassador Hakim pointed out to the fact that the cooperation between IDIC and

esisuisse is an important element on further strengthening the ties between the two countries. Switzerland and Indonesia have a mutual interest in deepening their relationship. C. Heru Budiargo pointed out, that esisuisse has a unique role and that the Swiss legislation in respect to the Deposit Insurance is a role model for an efficient system. Patrick Loeb praised the know-how of IDIC in respect of public awareness and pay out in light of difficult geographical circumstances.

Both parties are convinced that the MoU will be an excellent basis to further develop the respective DGS.

### SDIF TURKEY: ACTIVITY UPDATE



SDIF started 2015 with a focus to comply with the international financial regulations and

practices, namely EU Directives, FSB Key Attributes and IADI Core Principles.

As Turkey continues the European Union Membership talks, SDIF conducted a self-assessment to evaluate the compliance of SDIF with the new EU Directives, the EU Bank Recovery and Resolution Directive and the EU Directive on Deposit Guarantee Schemes and made a national action plan to become fully compliant with the new EU Directives. As the first step, SDIF has prepared and submitted to the Parliament the amendments to the Banking Law to include the powers for the Bridge Bank and the Purchase and Assumption.

SDIF works as well to adopt/implement FSB Key Attributes of Effective Resolu-

tion Regimes for Financial Institutions together with the supervisory authority (BRSA) as a joint task force to enhance powers, tools, funding mechanisms and information sharing and cooperation in the resolution processes.

Further, as an FSB member jurisdiction Turkey undergoes a peer review of FSB on the implementation and effectiveness of the international financial standards and policies agreed within the FSB. FSB launched Turkey's Country Peer Review in October 2014 with the objective of the review to examine the macro-prudential policy framework and the bank resolution framework of Turkey. SDIF has responded to the questionnaire of FSB and FSB visited the respective institutions in Turkey and Turkey's Country Peer Review still continues.

SDIF participates in and supports the EFDI and IADI activities, attends and presents in the EFDI and IADI meetings and conferences as well as hosted delegations from the National Bank of

Kazakhstan on May 7-8, 2015 and the Bank of Slovenia on July 1-2, 2015 for working visits to share the resolution practices and experiences of SDIF and advances the relationship with the respective institutions.

SDIF had a bank failure on May 29, 2015, where the management and control of the bank were transferred to SDIF, the first bank failure since 2003, and SDIF works on the resolution process of the bank. Further SDIF continues to effectively resolve the failed banks that are transferred to SDIF earlier and to recover from the assets of failed banks. In that regard SDIF made significant progress in collection of public claims through using the powers provided by the Banking Law and the Law on the Procedures for the Collection of Public Receivables and collected USD 21 billion as of March 31, 2015.

## News from Members

### FITD ACTIVITY: NATIONAL AND INTERNATIONAL

#### Reception of the DGSD

FITD national activity is currently mainly



focused on the DGSD Transposition, which requires significant changes in the FITD's Statutes, given the shift from ex-post to ex-ante the main issue at the moment is the funding mechanism which has financial, accounting and fiscal implications.

#### Interventions

FITD is involved in an intervention in favour of a bank under special administration. The recovery plan has already been

agreed and organised; it will be subject to Board assessment. Once the Board approves, the intervention will be carried out.

#### Europe Regional Committee of IADI

As already communicated in the previous EFDI Newsletter, the first IADI - ERC meeting chaired by Dr. Bocuzzi, was hosted by the FITD last 15 May in Rome: 17 member Countries were present. The Agenda was challenging and the invited speakers

were representatives from Bank of Italy, Chairman and Secretary General from IADI and also non-IADI jurisdictions. Core of the meeting was discussing ERC future plans.



IADI ERC Meeting in Rome

### FITD: EFDI BANKING UNION WG AND STEERING GROUP MEETING

**EFDI Banking Union Working Group** (BUWG) first meeting was held on 26 June in Rome hosted by FITD. The WG was chaired by the President of FITD, Prof. Salvatore Maccarone.



Banking Union WG Meeting

BUWG has 28 participants from 16 DGS from 14 Countries. Prof. Maccarone underlined the BUWG ambitious task to ex-

plore the pertinent aspects triggered by the Banking Union and to examine the whole Banking Union Regulation, for the purpose of developing operational and organisational proposals.

A work plan was approved by the BUWG members:

- 3 Subgroup to be set up by mid-July
- Drafting a Survey questionnaire to be sent to all EFDI Members by the end of July.
- November 2015 a meeting could be organised to discuss the first feedback on the Subgroup's work and Survey results;
- In December 2015 and in April 2016

two conference calls might be organised on the second and third draft paper from Subgroups;

- A final position paper to be ready by end of June 2016 and then presented in a Conference.

#### EFDI Steering Group Meeting

On 30 June, FITD hosted the EFDI Steering Group meeting chaired by Joseph DELHAYE. The meeting was attended by Giuseppe BOCCUZZI, Dirk CUPEI, Thierry DISSAUX, Patrick LOEB, Jiří KORB and Jan Geert SHOWSTRA.

#### Did you know?

You can download the documentation for working group and committee meetings in the internal part of the EFDI Website.

Most recently, the presentations from the Investor Compensation and Research Working Group meetings were made available online.

For assistance and login info kindly contact the [EFDI Secretariat](#).

## Events and Meetings

### FSCS: INTERNATIONAL INVESTOR COMPENSATION SCHEME SEMINAR (ICS) IN LONDON

FSCS hosted a two day event on the 18<sup>th</sup> and 19<sup>th</sup> June for The European Forum of Deposit Insurers working group meeting (EFDI) and the International Investor Compensation Scheme Seminar (ICS). The event brought together over 50 international delegates and speakers from the financial regulatory world.

The 18<sup>th</sup> June was reserved for the EFDI working group members who met at the FSCS offices to discuss investor compensation schemes within the EU. Following this meeting delegates from the EFDI WG, and those attending the international seminar on the following day, were invited to 'The Deck at the National Theatre' for drinks and an English summer BBQ. Luckily the English summer didn't live up to its expectations and the sun was out for the whole evening.

The 19<sup>th</sup> June was a full day conference attended by delegates from across the world including FSCS staff. The programme included a variety of high profile speakers including Kenneth Caputo



*Kenneth Caputo (SIPF)*

who was involved in the liquidation of Lehman Brothers, and Richard Heiss who was involved as one of the Administrators in the MF Global and Alpari defaults.

The event was chaired by Alex Kuczynski and opened by Rozanne Reszel



*Richard Heiss (KPMG)*

from the Canadian Investor Protection Fund. The morning session saw presentations from Peter Bloxham who talked about the UK special Administration Regime for Investment Firms and Isfandyar Khan from the World Bank who spoke about Investor Protection. Tiejun Huang from the China Securities Investor Protection Fund Corporation gave an insight in to "Investor Protection Empowers the Reform and Development of China Securities Market" followed by an update from Johanna Palin from the EFDI and the Finnish Investor Compensation Scheme.

The afternoon sessions invited presentations from Sebastian Schich, OECD, on Financial Consumer Protection and Sectoral Guarantee Arrangements for Financial Claims and on the ICS Financing by Rozanne Reszel and Alan De Lacy from ICCL Ireland.

### ICS WORKING GROUP MEETING IN LONDON

On the occasion of the 2015 Investor Compensation Fund International Seminar in London on 19<sup>th</sup> June 2015 hosted by FSCS the EFDI ICS Working Group – after a longer period of inactivity - held a well-attended meeting the previous day. In total 16 ICS and one DGS from 14 different Member states took part in the working group meeting.

Following presentations on subjects such as the status of Investor Compensation Schemes in the EFDI statute and the proposal of an Investor Compensation Scheme Database, the EFDI Chairman commented on these topics in further details and reported news and develop-

ments from the Board. The meeting furthermore provided the opportunity to a tour de table, where all participants could present recent developments and events in their country regarding investor compensation. Thereafter the ICS Working Group Chair Johanna Palin reported on the current status of the political agenda in the EU and the possibility of a new recast or partial revision of the existing ICSD. In March 2015 the European Commission decided the withdrawal of the pending proposal for a directive on Investor Compensation Schemes. Since then no activities can be observed at EU level. Besides other important topics – such target levels

and coverage level - the participants expressed and exchanged their point of view concerning the challenges and realities of an extended level of protection guaranteed by the ICSs and a – as foreseen in the withdrawn Proposal for a new Directive on ICS - compensation for damages caused to investors by not only fraud and administrative malpractice but bad advice as well.

It was agreed to observe future activities at EU level closely in order to address a "joint" position of EFDI on time in order to influence new legislative proposals.

## Events and Meetings

### EFDI RESEARCH WORKING GROUP RISK-BASED CONTRIBUTION

The EFDI Research Working Group on Risk-based Contribution met July 21<sup>st</sup> in Berlin, kindly hosted by the German Banking Association.



*WG „Risk based“ Head Bernd Bretschneider*

22 participants from Austria, Azerbaijan, Cyprus, Czech Republic, Estonia, Germany, Ireland, Italy, Lithuania, Montenegro, Poland, Romania, Switzerland and UK discussed aspects of the transposition of the EBA Guidelines on contribution and payment commitments.

Based on presentations given by Hilmar Zettler (EdB), Martin Weber (White & Case), Bernd Bretschneider (GBB-Rating) Alessio Vecchia (FITD) and Frank Kürten (BVR), the working group had a lively debate on the various aspects.

The meeting started with a Tour de Table to get an overview of the status quo of the transposition in the member states. It could be stated that the vast majority intend to implement contribution compliant with the EBA Guideline and those who will offer payment commitments intend to be compliant with the EBA Guideline as well. Although most participants will implement the core indicators solely, several countries either already opted for additional indicators or are still testing it. Those countries with intent to introduce payment commitments tend to opt for cash collateral due to expected administrative complexity of securities collateral management.

Hilmar Zettler explained the conditions of payment commitments avoiding impact on the p&l and that EBA Guidelines make off-balance treatment difficult. Owing to complexity of collateral management, triparty collateral management might be an alternative.

Martin Weber inter alia pointed out that the transposition of the Deposit Guarantee Scheme Directive into German law became effective on 3 July 2015 (Einlagensicherungsgesetz).

The presentation by Bernd Bretschneider referred to the importance of the calculation of covered deposits with regard to single customer view and

aggregated reporting to relevant institutions as well as the contribution process regarding confidentiality and data quality. Further questions were raised concerning validation issues and the specific challenges with regard to a certain lack of data history.

Alessio Vecchia presented the recent impact assessment on the Italian banking system based on core risk indicators and additional risk indicators. He stated that EBA proposal and the Italian system are quite similar, but at a closer look the necessity for further testing and considerations should be noted.

Last, but not least, Frank Kürten outlined the specific path of an institutional protection scheme to combine a voluntary IPS and officially recognized DGS within a dual system.

All presentation slides could be find on the EFDI homepage.

The idea to organize an EFDI – EBA workshop was sent to the meeting by Alex Kuczynski (EFDI EU Committee Co-ordinator). The participants welcomed this idea.

We would like to collect your cases of doubt, ideas of improvement and specific questions to structure the EFDI – EBA workshop. Please do not hesitate to contact one of the following addresses:

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# Calendar

## **EFDI PR COMMITTEE IN BASEL IN SEPTEMBER**



*PR Committee Chair Istvan Toth*

On 11 September the PR Committee will convene in Basel, Switzerland, upon invitation of esuisse.

PR Committee Chair Istvan Toth has already planned a lot of interesting topics for the agenda. Among others, there will be two case studies on communication during payout cases. Moreover, communication related aspects of the

new DGSD will of course be a topic. An important focus of the meeting will be further work on a best practice paper on communication focusing on the topic of call centers. As a survey done by the H2C Subgroup on Communication revealed that call centers are one of the most important tools for a DGS during payout. The paper intends to cover all existing models of call center management, pricing, technical considerations etc. and should be a useful tool for DGS in the establishment and operation of call centers. For this purpose, the PR Committee has produced a survey, which was sent to all members via email.

For further information on the survey and the PR Committee meeting, kindly contact Istvan Toth at [toth@oba.hu](mailto:toth@oba.hu) or the EFDI Secretariat.

## EBA CONSULTATION

On 29<sup>th</sup> July the European Banking Authority (EBA) launched a consultation on draft Guidelines on cooperation agreements between deposit guarantee schemes (DGSS).

Interested parties can submit their

comments on the draft guidelines via the EBA's webpage until 29<sup>th</sup> October 2015. Moreover, there will be a public consultation at the premises of the EBA in London on 7<sup>th</sup> October.



## UPCOMING EVENTS

September

- |                |   |                    |
|----------------|---|--------------------|
| 02.-05.09.     | EFDI Annual Meeting & International Conference  | Dubrovnik, Croatia |
| 08.-10.09.     | Joint FSI-IADI Seminar: Bank resolution, crisis management and deposit insurance issues | Basel, Switzerland |
| 11.09.         | EFDI PR Committee Meeting   | Basel, Switzerland |
| <b>October</b> |   |                    |
| 26.-30.10.     | IADI 14 <sup>th</sup> Annual General Meeting and Conference                             | Malaysia           |

October

- 26.-30.10. IADI 14<sup>th</sup> Annual General Meeting and Conference Malaysia