DEPOSITOR COMPENSATION SCHEME

Explanatory Notes on Schedule LD7

27th May 2019

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1. Introduction

Credit institutions licenced in Malta under the Banking Act are required to disclose their aggregate deposits data as at the end of each quarter of a calendar year by completing and submitting Schedule LD7 (hereinafter referred to as "the Schedule") to the Depositor Compensation Scheme (hereinafter referred to as "the Scheme") pursuant to regulation 22 of Legal Notice 383 of 2015 – Depositor Compensation Scheme Regulations (hereinafter referred to as "the Regulations").

Credit institutions are required to transmit Schedule LD7 via the LHPortal of the MFSA by not later than the 15th of the month following each quarterly period. The deposits data contained in the Schedule must be strictly reported in the respective fields and categories as prescribed in the Schedule and taking account of these Explanatory Notes. The Schedule shall be accessible to the Scheme, the MFSA and the Central Bank of Malta.

2. Definitions

'covered deposits' means the part of eligible deposits that does not exceed the level of coverage referred to in regulation 10 (2) of the Regulations (€100,000 or equivalent per depositor). For LD7 reporting purposes you are to exclude any temporary high balances referred to in regulation 10(3).

'deposit' means a credit balance, including, as the case may be, any interest accrued thereon, which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a credit institution is required to repay under the legal and contractual conditions applicable, including a fixed-term deposit and a savings deposit, but excluding a credit balance where:
(a) its existence can only be proven by a financial instrument as defined in Article 4(17) of Directive 2004/39/EC, unless it is a savings product which is evidenced by a certificate of deposit made out to a named person and which existed in Malta on 2 July 2014; or
(b) its principal is not repayable at par; or
(c) its principal is only repayable at par under a particular guarantee or agreement provided by the credit institution or a third party;

'deposits which are not eligible' means deposits which are not eligible for coverage in terms of regulation 9(2) of the Regulations, including:

(a) deposits made by other credit institutions on their own behalf and for their own account;
(b) own funds as defined in point (118) of Article 4(1) of Regulation (EU) No 575/2013;
(c) deposits arising out of transactions in connection with which there has been a criminal conviction for money laundering as defined in Article 1(2) of Directive 2005/60/EC;
(d) deposits by financial institutions as defined in point (26) of Article 4(1) of Regulation (EU) No 575/2013;
(e) deposits by investment firms as defined in point (1) of Article 4(1) of Directive 2004/39/EC;
(f) deposits the holder of which has never been identified pursuant to Article 9(1) of Directive 2005/60/EC, when they have become unavailable;
(g) deposits by insurance undertakings and by reinsurance undertakings as referred to in Article 13(1) to (6) of Directive 2009/138/EC;
(h) deposits by collective investment undertakings;
(i) deposits by pension and retirement funds;
(j) deposits by public authorities;
(k) debt securities issued by a credit institution and liabilities arising out of own acceptances and promissory notes;
(l) deposits held with a member in a branch of that member which is located in a non-Member State;

'depositor' means the holder or, in the case of a joint account, each of the holders, of a deposit; and in the case of a deceased depositor, the successor in title of such depositor such as an heir or a legatee of a deposit;

'eligible deposits' means deposits that are not excluded from protection pursuant to regulation 9 (2) of the Regulations, and includes deposits held in an account entitled to compensation pursuant to regulation 12 (5);

'not absolutely entitled eligible deposits' means eligible deposits which hold any funds to which the depositor is not absolutely entitled; the person who is absolutely entitled shall be entitled to compensation in respect of the deposits, provided that such person has been identified or is identifiable before the compensation date. Such deposits include, inter alia, nominee accounts, trust accounts, client accounts and client accounts opened by electronic money institutions.

3. User Instructions

a) The aggregate deposits in all currencies must be reported in full (excluding decimal figures) in Euro or Euro equivalent.

b) The 'Number Of Eligible Depositors' in respect of 'Not Absolutely Entitled Eligible Deposits' should reflect the number of account holders and not the number of underlying beneficiaries.

The 'Covered Deposits Amount' for such deposits must be equal to the respective 'Eligible Deposits Amount'.

c) The 'Covered Deposits Amount' for deposits not exceeding €100,000 in respect of 'All Other Eligible Deposits' must be equal to the respective 'Eligible Deposits Amount'.

The 'Covered Deposits Amount' for such deposits exceeding €100,000 must be capped at €100,000 per depositor.

d) Joint accounted holders must be treated as separate depositors for the purpose of the Schedule by dividing the amount held in the joint account by the number of the joint account holders, unless otherwise shown by contractual arrangements or other evidence (refer to regulation 12(3) of the Regulations).