




EBA/GL/2021/17 (consolidated version)

17 December 2021

## Guidelines

# on the delineation and reporting of available financial means (AFM) of Deposit Guarantee Schemes (DGS)

Application date		
 O		30.03.2022
Amended by:		
 A1	EBA/GL/2023/02	03.07.2024
 C1	EBA/GL/2021/17 (consolidated version)	

# 1. Compliance and reporting obligations

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## Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010<sup>1</sup>. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities and financial institutions must make every effort to comply with the guidelines.
2. Guidelines set out the EBA view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. Competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 to whom guidelines apply should comply by incorporating them into their practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

## Reporting requirements

3. According to Article 16(3) of Regulation (EU) No 1093/2010, competent authorities addressed by these guidelines must notify the EBA as to whether they comply or intend to comply with these guidelines, or otherwise with reasons for non-compliance, by 31.03.2022. In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form available on the EBA website with the reference 'EBA/GL/2021/17'. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities. Any change in the status of compliance must also be reported to the EBA.
4. Notifications will be published on the EBA website, in line with Article 16(3).

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<sup>1</sup> Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010, establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, (OJ L 331, 15.12.2010, p.12).

## 2. Subject matter, scope and definitions

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### Subject matter

5. These guidelines delineate the available financial means (AFM) according to Article 2(1)(12) of Directive 2014/49/EU (DGSD) into those qualified AFM (QAFM) that were contributed according to Article 10(1) of the same Directive and, therefore, count towards reaching the target level, and other AFM that were neither directly nor indirectly contributed and thus do not count towards reaching the target level. Furthermore, these guidelines expand the reporting requirements of DGS funds to the EBA according to Article 10(10) of that Directive.
6. These guidelines aim at ensuring a harmonised application of the DGSD with regard to reaching the target level in the EU. They determine which AFM qualify towards reaching the target level of the DGS. However, they are not to be read as determining which funds are available for each case of interventions. In the absence of uniform rules, DGSs across the EU may potentially levy contributions from affiliated credit institutions in such a way that consistent compliance with Article 10(2) DGSD is not ensured, i.e. that the target level is met within the timeframe specified in that Article. Furthermore, the diverging concepts of AFM that count towards reaching the target level may weaken the consistency of data reported to the EBA according to Article 10(10) of the DGSD and thereby hamper transparency. Consequently, in accordance with Article 26(1) and 26(2) of Regulation EU/1093/2010, the EBA adopts own initiative guidelines to remedy this situation.

### Scope of application

7. These guidelines apply to competent authorities when determining the level of QAFM that count towards reaching the target level of the DGSs under their supervision, and when reporting the required information to the EBA.
8. When a DGS is administered by a private entity, competent authorities should ensure that these guidelines are applied by such DGSs.

### Addressees

9. These guidelines are addressed to competent authorities as defined in Article 4(2)(i) and (iv) of Regulation (EU) 1093/2010. References to 'competent authorities' in these GLs refer to either type of authorities, as applicable, based on the competences assigned by the applicable national framework implementing Directive 2014/49/EU.

## Definitions

10. Unless otherwise specified, terms used and defined in Directive 2014/49/EU have the same meaning in the guidelines. In addition, for the purposes of these guidelines, the following definitions apply:

Available financial means (AFM)	means all cash, deposits and low-risk assets of a DGS which can be liquidated within a period not exceeding that referred to in Article 8(1) and payment commitments up to the limit set out in Article 10(3).
DGS intervention	means an intervention conducted by a DGS in which it uses DGS funds for the purposes allowed under Article 11 of the DGSD, such as repaying depositors (Article 11(1)), contributing to resolution (Article 11(2)), preventing the failure of a credit institution (Article 11(3)), or preserving depositors access to covered deposits in the context of national insolvency proceedings (Article 11(6)).
Other AFM	means all those available financial means of a DGS that are not qualified available financial means (e.g. borrowed funds).
Qualified available financial means (QAFM)	means all those available financial means that were contributed by affiliated credit institutions of a DGS or that derive from such contributed funds according to Article 10(1) of Directive 2014/49/EU.
Recoveries	means assets that meet the definition of available financial means, that a DGS receives as a consequence of the rights it acquired based on a DGS intervention.

## 3. Implementation

### Date of application

11. These guidelines apply from 30.03.2022.

## 4. Delineation of QAFM and reporting of DGS funds

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### 4.1 Delineation of QAFM

12. A competent authority should ensure that a DGS only includes QAFM when determining whether the target level according to Article 10(2) DGSD is reached.
13. For the purpose of these guidelines, QAFM that were not directly contributed but derive from contributed funds should include recoveries following one of two methods described in section 4.2 and investment income following the method described in section 18.
14. For the purpose of these guidelines, AFM can only be counted as QAFM if the (extraordinary) contributions they stem from are free of any obligation of a DGS to repay them upon receiving recoveries, e.g. to the contributing institutions.
15. A competent authority should ensure that a DGS has adequate systems in place to keep track of the origin of funds.

### 4.2 Treatment of recoveries with regard to QAFM

16. A DGS should allocate recoveries to QAFM and to other AFM according to either one of the only two allowed approaches: approach A or approach B.
  17. Where a DGS is not a competent authority, it should inform the competent authority of the approach it has chosen before implementing it.
  18. Under approach A, a DGS should:
    - a. allocate incoming recoveries to other AFM if, at that point in time, other AFM are lower than outstanding liabilities as reported under Guideline 4.5 until other AFM are equal to outstanding liabilities, and
    - b. allocate incoming recoveries to QAFM if, at that point in time, other AFM are equal to or greater than outstanding liabilities as reported under Guideline 4.5, and
    - c. at any point in time reallocate other AFM in excess of outstanding liabilities as reported under Guideline 4.5 to QAFM.
  19. Under approach B, a DGS should:
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- a. record the borrowing ratio used in that DGS intervention, which is the ratio of the total liability incurred by that DGS for the purpose of that DGS intervention, divided by the total amount of funds used in that DGS intervention, and
  - b. record the aggregate figure of recoveries received from the related insolvency from inception of that DGS intervention, and
  - c. record the aggregate figure of repayments made of the related liability from inception of that DGS intervention, and
  - d. determine the 'intervention-specific other AFM' related to that DGS intervention by multiplying aggregate recoveries (according to subparagraph 19b) with the most up-to-date borrowing ratio (according to subparagraph 19a) and then subtract the aggregate repayments (according to subparagraph 19c), and if the result is negative, it becomes zero, as 'intervention-specific other AFM' cannot be negative, and then
  - e. determine the DGS's other AFM equal the sum of 'intervention-specific other AFM' related to each DGS intervention (according to subparagraph 19d).
20. Irrespective of which one of the two approaches is chosen by a DGS, at any point in time, the level of a DGS's QAFM is determined by subtracting 'other AFM' from AFM.

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### 4.3 Treatment of investment income with regard to QAFM

22. Provided that a DGS decides to add its income from investment activities to the DGS's AFM, such income should be considered QAFM, irrespective of whether the underlying investment was financed by QAFM or other AFM.
23. A DGS should allocate losses from investments to QAFM.

### 4.4 Treatment of loans between DGSs

24. Funds that a DGS lends to another DGS in line with Article 12 DGSD should not count towards the AFM and hence also not to the QAFM or other AFM of the lending DGS.
25. Funds that a DGS borrows from another DGS in line with Article 12 DGSD should not count towards the borrowing DGS's QAFM. If they meet the definition to qualify as AFM, they should be counted as other AFM.



26. When a DGS raises contributions, it should take into account the expected amount and time when it will receive a repayment of the loan it made to another DGS in line with the conditions of the loan.

#### 4.5 Reporting to the EBA

27. A competent authority should, for each DGS under its supervision, by 31 March each year, inform the EBA of:
- a. the amount of covered deposits and the amount of the overall AFM as well as the QAFM and other AFM of their DGS or DGSs on 31 December of the preceding year, and
  - b. the outstanding liabilities that have been incurred for the purpose of a DGS intervention or investment of their DGS or DGSs on 31 December of the preceding year. This figure should exclude operational liabilities of the DGS or DGSs, and
  - c. the alternative financing arrangements that their DGS or DGSs have in place to draw on additional liquidity on 31 December of the preceding year, and
  - d. their DGS's or DGSs' outstanding loans to other DGSs in line with Article 12 DGSD on 31 December of the preceding year, and
  - e. the approach chosen by their DGSs to allocating recoveries according to Guideline 4.2.

# Annex 1: Reporting template for DGS funds

Basic information	
Reporting Authority:	
Member State:	
Deposit Guarantee Scheme:	
Date of submission:	
Reporting year:	
Currency	
[Only if currency is not euro]:	
Exchange rate date (if not 31 December)	
Exchange rate	
Chosen approach to allocating recoveries	Approach A <input type="checkbox"/> / Approach B <input type="checkbox"/> / not yet decided <input type="checkbox"/>

Amount of DGS funds as of 31 December of the reporting year	Amount in EUR (thousands)	[Only if currency is not euro]:
		Amount in local currency (thousands)
Available financial means		
of which: qualified available financial means (QAFM)		
of which: other available financial means (other AFM)		
Outstanding liabilities that have been incurred for the purpose of a DGS intervention or investment		
Covered deposits		
Outstanding loans to other DGSs in accordance with Article 12 DGSD.		

Alternative financing arrangement in place	Multiple answers possible
Mandatory lending from member banks	<input type="checkbox"/>
Credit line (or similar) from central bank	<input type="checkbox"/>
Credit line (or similar) from government	<input type="checkbox"/>
Credit line (or similar) with (commercial) bank(s)	<input type="checkbox"/>
Other (please specify)	Free text