

August 2009

To all licensed banks in Guernsey

Advertising in respect of the Guernsey Banking Deposit Compensation Scheme

Appended to this covering page are:

1. A copy of the revised paragraph 15 of the Code of Conduct for Deposit Advertisements issued by the Association of Guernsey Banks; and
2. The Board's current 'approved wording' for use under the Code as issued in its Circular No. 4 and amended by Circular No. 5.

Banks should note that old literature which does not comply with this standard should now always be accompanied by one of the approved forms of wording. The Board will be monitoring the correct use of this section of the Code, and will be happy to give advice to any bank on practical issues.

Charles Tracy
Chairman of the Board
Guernsey Banking Deposit Compensation Scheme

Extract from the Code of Conduct for Deposit Advertisements issued by the Association of Guernsey Banks

“15 Advertisements shall give information about the Guernsey Banking Deposit Compensation Scheme in a format approved by the Board of the Scheme.

A deposit compensation scheme for qualifying deposits with Guernsey Banks was established by the Banking Deposit Compensation Scheme (Bailiwick of Guernsey) Ordinance, 2008. The Ordinance makes it a requirement that:

“Every participant shall make information available in a readily comprehensible form in explanatory material to current and intending depositors about the Scheme...”

All banks licensed by the Guernsey Financial Services Commission are participants in the Scheme. All advertisements by licensed banks should state that the bank is a participant in the Guernsey Scheme and in addition when Guernsey licensed banks are advertising in the United Kingdom they should make it clear that the UK Financial Services Compensation Scheme is not effective in Guernsey.

From time to time, the Board of the Scheme publishes approved wording for advertisements in a form which complies with the Ordinance. Failure to comply with this wording in advertisements may amount to the bank being in breach of both the Code and the Ordinance. (The following should be added to any such wording when banks advertise in the United Kingdom: “Deposits are not covered by the Financial Services Compensation Scheme under the Financial Services and Markets Act 2000”.)

Where a bank licensed by the Guernsey Financial Services Commission has more than one trading name/brand it should be made clear that the brand is a trading name for the licensed entity. Clients should have no doubt in their mind that on banking with the licensed entity, regardless of the number of brands available, they will only be entitled to making one claim under the Scheme.

Advertisements by Banks outside the Bailiwick

If a bank licensed by the Guernsey Financial Services Commission is advertising outside of the Bailiwick it must be made explicitly clear to current and intending depositors that deposits with the bank will not be covered by any equivalent Scheme in the jurisdiction in which the advertisement is being placed.

[NB: There may be exceptions to this position and the AGB should make this clear.]”

Advertising relating to the Scheme

The wording below is the ‘approved wording’ for the purposes of paragraph 15 of the Code of Conduct for Deposit Advertisements issued by the Association of Guernsey Banks.

The Board has:

- An official leaflet, designed to give full information about the Scheme in non-technical terms; copies are available from the Board at the heading address.
- A website, offering a copy of the leaflet, copies of the relevant legislation etc.

Guernsey licensed banks are obliged by The Banking Deposit Compensation Scheme (Bailiwick of Guernsey) Ordinance, 2008 to “make information available in a readily comprehensible form in explanatory material to current and intending depositors about the Scheme ...” This obligation will be deemed to have been fulfilled if banks adopt one of the following options as regards advertising:

- A.** To include abbreviated wording in advertisements as follows:

“[Bank X] is a participant in the Guernsey Banking Deposit Compensation Scheme. The Scheme offers protection for ‘qualifying deposits’ up to £ 50,000, subject to certain limitations. The maximum total amount of compensation is capped at £100,000,000 in any 5 year period. Full details are available on the Scheme’s website www.dcs.gg or on request.”

Note: Any bank using this wording must include in the advertisement a telephone number and address for the bank, from which details may be obtained. The Scheme leaflet or the ‘short-form’ wording (option **B.**) should be offered to all enquirers.

- B.** To use the approved ‘short-form’ wording (see overleaf).
- C.** To make available the Scheme’s official leaflet (this gives the contact details in full). For the avoidance of doubt, making the leaflet available means displaying the leaflet in a prominent position together with relevant promotional literature or including the leaflet in any relevant mailing. It does not mean offering to supply the leaflet on demand.

No other wording is approved and use of other wording is potentially a breach of both The Banking Supervision (Bailiwick of Guernsey) Regulations, 1994 and The Banking Deposit Compensation Scheme (Bailiwick of Guernsey) Ordinance, 2008.

The Board of the Scheme may issue changes to this wording from time to time, but Guernsey banks are not obliged to re-print literature which complies with any previously approved wording.

Advertising relating to the Scheme

This is the approved ‘short-form’ wording referred to under B above:

“As a Licensed Bank in Guernsey, [BANK X] is a participant in the Guernsey Banking Deposit Compensation Scheme (the “Scheme”) established by The Banking Deposit Compensation Scheme (Bailiwick of Guernsey) Ordinance, 2008 (the "Ordinance"). The following is a brief summary of the Scheme, but is not intended as a substitute for the actual wording of the Ordinance, a copy of which is available on request.

- *The Scheme only applies to ‘qualifying deposits’, which broadly means deposits made by natural persons for their own benefit; with a few limited exceptions such as, for example, deposits made by trustees of retirement annuity trust schemes, the Scheme does not apply to companies, trusts, partnerships or charities.*
- *The Scheme will provide compensation in the event that a Licensed Bank is unable to repay its depositors. Under normal circumstances, payment will be made within 3 months of receipt of a valid claim form.*
- *Compensation is limited to a maximum of £50,000 per individual claimant; in the case of a joint account each depositor would be entitled.*
- *Total Scheme compensation in any five year period is limited to £100 million. If claims exceed this cap, compensation would be reduced pro rata. The cap also means that compensation in respect of any one bank cannot exceed £100 million.*
- *The amount payable may be reduced if the Bank has any contractual right of set-off against the account. The Scheme is entitled to recover compensation from any funds subsequently paid out by the Bank.*
- *Further information and a leaflet about the Scheme is available at:*

*Website: **www.dcs.gg**
Telephone: +44 (0) 1481 722756
Post: P.O. Box 380, St Peter Port, GY1 3FY”*

Approved by the Board of the Guernsey Banking Deposit Compensation Scheme

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