

Policy Rules for the Deposit Guarantee Scheme

July 2017

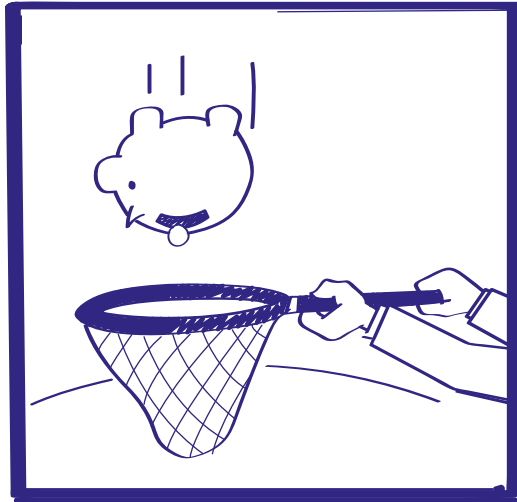
DeNederlandscheBank





EUROSYSTEEM

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Table of contents



	Summary	3
	Introduction	4
	Outcome of consultation	8
	Single Customer View Policy Rule	14
	Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme	43
	Amendment to Regulation on Statements of Financial Institutions	53
	Appendix – Worked example	64

Summary

In its capacity as the responsible authority for the Dutch Deposit Guarantee Scheme (DGS), DNB is currently working with Dutch banks to achieve a faster payout by the DGS. The objective is to be able to reimburse depositors within seven business days by 2019. This ambition is supported by the implementation of the Single Customer View (SCV), which comprises an overview of deposits (accounts) and depositors (clients) to be created by banks themselves.

To meet the statutory payout deadline, DNB has introduced two policy rules and an amendment to the Regulation on Statements of Financial Institutions under the Financial Supervision Act 2011 [Regeling staten financiële ondernemingen Wft 2011] ('the Statements Regulation'). The standard format for the SCV provided in the Single Customer View Policy Rule will serve as a basis for submitting data for the DGS. The Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme clarifies the circumstances under which deposits held on behalf of third-party beneficiaries (escrow accounts) are eligible for coverage by the DGS. Finally, since 2016, banks have been required to pay a quarterly contribution to the Deposit Guarantee Fund as part of the new ex-ante arrangements for the DGS. The Statements Regulation has been amended in order to embed the reporting requirements governing the levies payable into the Deposit Guarantee Fund.

Introduction

Directive 2014/49/EU on deposit guarantee schemes (a recast of the previous DGS Directive), also known as the Deposit Guarantee Scheme Directive and referred to here as 'DGSD', was transposed into Dutch law in late 2015. This transposition has led to changes in the way in which DNB is required to administer the DGS. Prominent changes include the shorter payout deadline, temporary additional coverage of up to EUR 500,000 for deposits relating directly to the sale or purchase of a residential property, and the setting-up of a Deposit Guarantee Fund funded from levies collected from banks on a quarterly basis.

DNB has devised rules to support the new DGS set-up and to meet its obligations associated with administering the DGS. More specifically, it has drawn up the Single Customer View Policy Rule, the Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme, and the amendment to the Regulation on Statements of Financial Institutions under the Financial Supervision Act 2011 (Regeling staten financiële ondernemingen Wft 2011, referred to here as 'the Statements Regulation') as part of the quarterly reporting process required under the DGS.

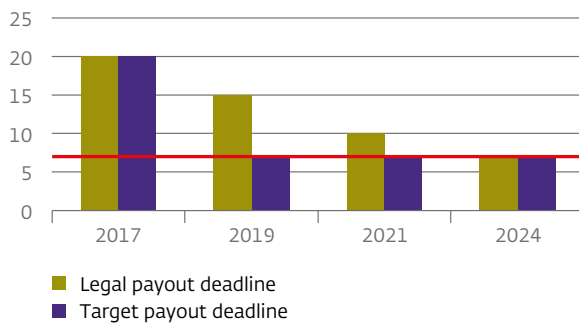
Single Customer View Policy Rule

The Single Customer View Policy Rule ensures timely payouts under the DGS and supports orderly resolution if a bank fails. The Single Customer View (SCV) is a standardised overview of all deposits held by each depositor. The information is structured on the basis of a data model prescribed by DNB and allows deposits covered under the DGS to be paid out in a timely fashion.

¹ Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (recast).

The need for an SCV standard format arises from the recast DGS requirements. Over the next few years DNB is required to reduce the payout deadline to a maximum of seven business days by 2024 (see Figure 1). However, DNB aims to achieve this by 2019, given that it is more efficient for banks and DNB to make all the necessary changes in one go rather than having to adjust their systems several times. Depositors, too, will benefit if DNB is in a position to compensate them within seven business days before the legally stipulated deadline of 2024.

Figure 1 Maximum payout deadline in number of business days



A shorter payout deadline implies that depositors' right to compensation under the DGS will have to be established more quickly. To make this happen, banks will be required to produce the SCV themselves, whereas until now this has been DNB's responsibility. The Single Customer View Policy Rule follows from national legislation, which requires banks to have procedures and controls in place to ensure that the information needed to administer the DGS is continually updated and properly documented and also to submit this information, at DNB's request, in a manner and within a timeframe specified by DNB. The national legislation gives effect to the provisions of the DGSD stipulating that Member States must ensure that 1) at any time and at the request of the DGS, a DGS receives from its members all information necessary to prepare for a payout to depositors; 2) banks 'mark eligible deposits in a way that allows an immediate identification of such deposits'; and 3) DGSs may at any time request credit institutions to inform

them about the aggregate amount of eligible deposits of every depositor.

In addition to enabling a faster payout, this way of working, with banks producing the SCV files, also enhances the accuracy and adequacy of banks' procedures and controls, as well as the reporting of covered deposits for the purpose of calculating the levies payable into the Deposit Guarantee Fund. The SCV also supports DNB's resolution powers.

In order to meet the above requirements, the Single Customer View Policy Rule requires a bank to have procedures and controls in place allowing it to create an SCV file, to calculate eligible and covered amounts, and to take any resolution action required. DNB will then use the SCV to determine the amount payable to each depositor (see Figure 2). The procedures and controls a bank uses to ensure compliance with its obligations are referred to as the SCV system.

2 See Section 26a of the Decree on Prudential Rules for Financial Institutions (*Besluit prudentiële regels Wft*).

3 See Article 4(8), Article 5(4) and Article 7(6) respectively of the DGS Directive.

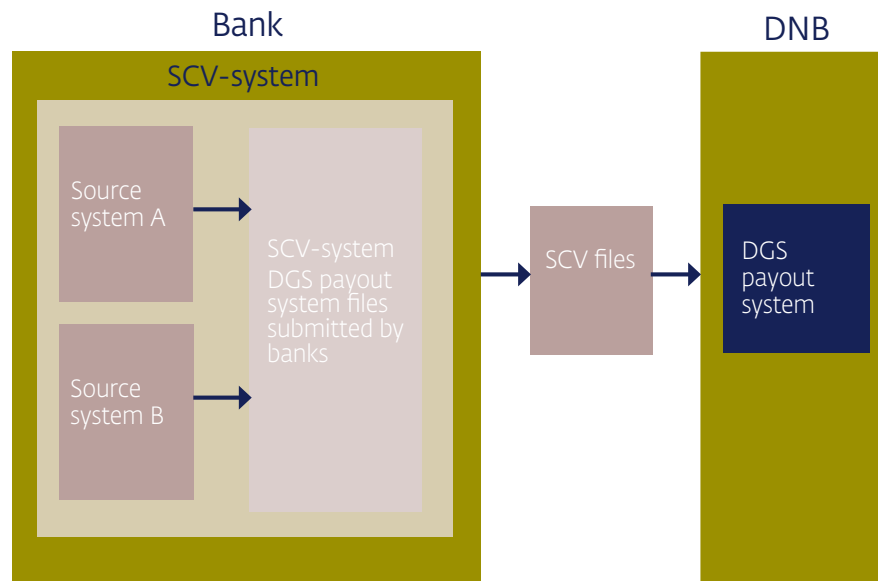
The Single Customer View Policy Rule sets out the requirements for record-keeping and the procedures and controls that banks need to have in place to create complete, correct and timely SCV files. It also sets out requirements for

the functioning of the SCV system, the period for submitting SCV files, and the procedures for ensuring the quality of SCV files. Finally, it describes how DNB will supervise the bank's application of the Policy Rule.

Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme

The Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme sets out further rules governing the coverage of deposits held on behalf of third-party beneficiaries. As such, the Policy Rule will unlock additional information that is necessary to create an SCV, especially in terms of handling escrow accounts. Provisions on other DGS-related matters may be added to the Policy Rule over time.

Figure 2 Payout system based on SCV files submitted by banks



Amendment to Regulation on Statements of Financial Institutions under the Financial Supervision Act 2011

The changes to the Statements Regulation explain in greater detail banks' obligation to supply quarterly information for the purpose of calculating the levies to be paid into the Deposit Guarantee Fund. Banks have reported their

numbers of accounts and balances on a quarterly basis since 2016, and DNB uses these data to establish the base for calculating the levies. This information remains relevant for implementing the DGS and will be supplemented in the new report by information on covered deposits (based on the SCV).

DGS Data Delivery Manual

In addition to the Statements Regulation, DNB has also published an update to the DGS Data Delivery Manual (version 3.0), which includes practical notes on the new and amended rules. All formal logical and technical aspects of the data exchanges will be documented in a Data Delivery Agreement.

Creation of the Regulation

The policy rules have been developed in cooperation with the Dutch Banking Association (NVB), with public consultations in spring 2017.

Outcome of consultation

The banking sector has taken the opportunity to respond to the public consultation on the new regulations. The main points raised by the banks are explained in this section. The sector's response has resulted in clarification of various issues in the regulations (or the notes) and the accompanying DGS Data Delivery Manual.

General

The sector emphasised the importance of properly implementing the requirements for a reduction of the maximum time-frame for payout. Banks are willing to cooperate with efforts to accelerate the introduction of a standardised Single Customer View ('SCV standard') so that payouts can be made within seven business days by 2019.

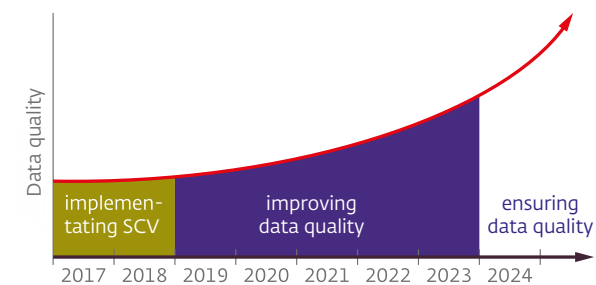
Tests and proportionality

The banks emphasised that their operational continuity must not be endangered by the need

to supply SCV files for validation purposes. They propose that DNB should reach an operating agreement with each bank individually for supplying SCV files during 'times of peace'.

DNB recognises the importance of operational continuity and will therefore enter into an operating agreement with each bank individually for supplying the SCV files needed to validate production. DNB will divide the process of submitting SCV files into three phases during normal operations: (1) Implementing SCV (mid-2017 to 2018), (2) Improving the data quality

Figure 3 Phases in submitting SCV files and improving data quality



in order to ensure payout within seven business days (2019-2023), and (3) Ensuring continuous safeguarding of high-quality data (from 2024 onwards).

The need to submit data for validation purposes will be announced beforehand, particularly in the early phase. The timing of submissions will also be agreed with the banks, irrespective of the fact that all banks will have to submit full SCR files at least once a year.

European and international context

The sector noted that the regulations have been devised in the context of the Dutch financial system and that it was not always evident how banks were supposed to act if specific features of deposits held at a foreign branch of the bank were unclear in relation to the SCV-requirements. As the authority responsible for operating the Dutch DGS, DNB confirms that the policy rules have been tailored to reflect the Dutch context. In the case of a payout for a foreign branch, the

Dutch DGS can act as both the home-DGS (as the bank's Member State of origin) and the host-DGS (as the Member State which is host to the branch). Section 6 of the SCV Policy Rule includes a marking for deposits that are blocked under regulations in the country in which the deposit is being held, to the extent that this blocking is relevant for the DGS payout. It is important that banks also submit information from their foreign branches for the SCV files in full, on time and correctly. DNB will consult with banks that have questions about SCV files in relation to foreign branches and work with them to agree on a suitable approach.

Compiling and submitting SCV files

Use of Dutch social security numbers ('BSN')

The banks emphasised the importance of a proper legal basis for using individuals' BSN when aggregating and structuring the SCV. Under the DGS, banks are currently already allowed to include the BSN in submissions to DNB. However, the SCV submission assumes that banks are also permitted to use the BSN within their organisations when compiling the SCV. The banks do not currently see a basis for using individuals' BSN to aggregate and structure the SCV and want to be fully certain that a sufficient legal basis for this exists and that they do not thus contravene the Personal Data Protection Act (*Wet bescherming persoonsgegevens*).

The SCV Policy Rule does not cover this issue in any depth. The DGS Data Delivery Manual assumes that individuals' BSN will be used for aggregating and structuring the SCV. DNB acknowledges the importance of a sufficient

legal basis for this and has drawn the Ministry of Finance's attention to this issue.

Immediate identification

The sector asked for the definition of the term 'immediate' (Section 6 of the SCV Policy Rule) to be clarified.

It is important here to emphasise that there is a difference between (i) immediately being able to identify specific types of deposits and depositors, and (ii) supplying the SCV file within three business days. In the case of the former, it is intended that banks maintain records of deposits and depositors so that the markings referred to in Section 6 can be established immediately, in compliance with Article 5(4) of the DGSD. This means that the markings in a bank's records should be such that the SCV can be compiled at any time (i.e. 'immediately'). Banks then have three business days to compile the SCV and submit it to DNB

Product categories

Banks indicated that they wanted to be consulted on the product categories to be applied so that these align sufficiently well with the types of accounts that banks operate. Banks also stated that they could not treat accounts held for third parties ('escrow accounts') as a separate product category.

DNB has now amended the product category list. This list has been taken out of the SCV Policy Rule and added to the DGS Data Delivery Manual. The Policy Rule on the Scope and Coverage of the Deposit Guarantee Scheme now also includes a statement on the sequence in which eligible deposits will be covered by the DGS. This provides a framework, both in case of bank resolution and DGS payout, for the sequence to be applied when determining the covered amount per depositor. This is clarified in an example contained in the notes on the Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme. DNB has accepted the suggestion not to

include escrow accounts as a separate product category. A separate marking will therefore be introduced to show whether the account is held for a third party that is part of a group without legal personality (e.g. a Dutch VOF/general partnership) or for third parties who can be regarded as 'clients'. More information on this can be found in the DGS Data Delivery Manual.

Blocking

When applying markings to block automatic payouts under the DGS, the banks asked whether the marking should be at a or an account level. They also asked for the block 'pledge or seizure' to be recorded as two separate forms of blocking.

The principle here is that these markings should be applied at an account level so as to align with the higher-ranking legislation. The regulations refer, for example, to deposits arising from transactions where there has been a criminal conviction for money laundering,

as referred to in Section 29.01(2)(d) of the Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees under the Financial Supervision Act (*Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft or Bbpm*).

The request for the block 'pledge or seizure' to be recorded as two separate markings in Section 6 of the SCR Policy Rule has been adopted.

Determining the balance

The sector asked various questions about the time at which deposit balances are determined and about dealing with interest accruing.

The way in which interest should be dealt with is detailed in the DGS Data Delivery Manual.

The basic principle is that the failed bank should still carry out the 'night batch' processing.

Any interest that has accrued but not yet been credited as at the date of the decision or judgment resulting in the DGS being activated has to be included alongside the balance.

In-flight transactions

Banks asked for clarification of how to deal with incoming and outgoing payments in situations where execution of the underlying monetary flows (and so the full transactions) have not yet been fully completed ('in-flight transactions').

Clarification on how to deal with in-flight transactions is provided in the notes to the Policy Rule and in the DGS Data Delivery Manual. The basic principle is that outgoing payments that have already been debited are not included in the balance. Incoming payments should be included in the balance wherever possible, although account has to be taken of the period (three business days) for submitting the SCV file. This applies to incoming payments arising pursuant to the Settlement Finality Directive⁴.

Requirements for bank resolution

Reporting and calculating guaranteed amounts.

The banks asked about the impact that the resolution requirements would have on reports that have to be produced. They also asked about the rationale of calculating eligible and covered amounts for the purpose of resolution.

The resolution requirements do not constitute provisions that are additional to the basic DGS reporting requirements. The calculation referred to in Section 4(2) of the SCV Policy Rule is needed in order to compile and maintain a resolution plan or to prepare a DGS payout. In order to ensure uniformity, the rules for calculating covered amounts are set out in Section 4(2).

Creditor hierarchy under Bank Recovery and Resolution Directive and SBI codes

Banks indicated that they do not currently have a method for correctly distinguishing deposits from small, medium-sized and micro-enterprises from

⁴ See Parliamentary Papers 32 457, Amendment of the Civil Code and the Bankruptcy Act in implementation of Directive 2009/44/EC amending Directive 98/26/EC regarding the definitive nature of settling payments and securities transactions in payment and settlement systems.

those of large corporates. SBI codes could be used in this respect.

The SBI coding does not fully align with the definition of small, medium-sized and micro-enterprises used in the European Directive establishing a framework for the recovery and resolution of credit institutions and investment firms (2014/59/EU, also known as the Bank Recovery and Resolution Directive, or BRRD) in Article 2(1)(107). The BRRD definition has been transposed into Dutch legislation in Section 212g(1)(n) of the Bankruptcy Act (Faillissementswet). This definition restricts itself to the 'annual turnover' criterion. In order to comply with these statutory regulations in a resolution scenario, banks' records needs to make a distinction between small, medium-sized and micro-enterprises on the one hand and large corporates on the other hand. As far as the periodic assessment of commercial clients is concerned, it is already usual to obtain periodic

insight into these clients' financial position, including the annual turnover. Normally, banks would request this information via the Chamber of Commerce. DNB sees this as a possible way of establishing clients' annual turnover for the previous reporting year. Alternative ways of obtaining this information are obviously possible, including obtaining a periodic statement from commercial clients.

Separation of accounts

The sector had various comments about being able to separate accounts as referred to in Section 8 of the SCV Policy Rule. Banks queried whether this action was related to the 'bail-in' resolution instrument and, if so, which part of the account should be separated.

The provisions set out in Section 8 of the SCV Policy Rule are linked to the resolution plan for each individual bank. Section 8 helps to eliminate impediments to resolution by stipulating that, in

the event that this follows from the resolution plan, a bank must have procedures and measures in place to deal with a specific treatment eligible and covered deposits when a resolution instrument is being applied. This may be the case if, for example, the resolution strategy prescribes the 'sale of business' tool to be used – for example, to transfer deposits to another bank.

Which part of a deposit will be separated depends on the resolution measure that is ultimately chosen, so it is impossible to give a generic answer. The Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme does, however, list an order of priority for eligible deposits. This establishes the order in which covered deposits should be paid out if a depositor has more than one account at a bank and the eligible amount exceeds the maximum covered amount.

Safeguarding data quality

Role of internal and external auditors

The sector said that the roles of the internal and external auditors were not clear from the SCV Policy Rule. Their clear preference was for an in-depth audit by the internal auditor and for a less extensive role to be assigned to the external auditor.

In response to the consultations, the roles of the internal and external auditors have been more clearly formulated in chapter 5 of the SCV Policy Rule. It is vital that the external auditor, too, forms a view of the extent of compliance with the regulations arising from the Policy Rule so that a full, timely and correct payout can be made. This also aligns with the external auditor's role during a bankruptcy.

Policy Rule on the Scope and Execution of Deposit Guarantee Scheme

Definition of 'professional record-keeping'

The banks asked for clarification of the term 'professional record-keeping'. Various examples of this were given, including the case of a bank itself holding account for third parties and the 'insolvency accounts' that curators and liquidators hold for third parties.

DNB has responded to the consultations by amending and widening the definition of 'professional record-keeping' and explaining it in more detail in the Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme.

Amendment of the Regulation on Statements of Financial Institutions

Aligning quarterly reporting with FINREP

The banks stated that there is no full alignment between the financial reporting (FINREP) standards and quarterly reports for the purpose of the DGS.

The reporting does not need to align in all respects, the reason being that the amounts reported are aggregations, each with their own definitions. However, these data do need to be compiled consistently from the same source data, although there will obviously be timing differences between reports. What matters is to ensure a consistent and reliable process that can be traced back to the same data. The definitions of customer categories for FINREP do not fully align with the primary definitions used for the DGS..The banks also asked for instructions per item in the Statements Regulation. Instructions per item will be included in the DGS Data Delivery Manual.

Single Customer View Policy Rule

1. General Provisions (Section 1)
2. Format of the Single Customer View
 - 2.1 SCV File Content and Submission
 - 2.2 Calculation of Eligible and Covered Amounts (Section 4)
 - 2.3 Identification of Deposits and Depositors (Section 5, 6)
3. Bank Resolution (Section 7, 8)
4. Data Submission (Section 9)
5. Data Quality Assurance
 - 5.1 Controls of a bank (Section 10, 11)
 - 5.2 Supervision (Section 12, 13, 14, 15)
6. Transitional and final provisions (Section 16, 17, 18)

Notes

Notes structured by Section

De Nederlandsche Bank N.V.'s Policy Rule dated 10 July 2017 containing rules on the preparation of Single Customer View files by banks for the benefit of the deposit guarantee scheme and resolution (Single Customer View Policy Rule)

De Nederlandsche Bank N.V.;

Having regard to Section 3:17(2), opening words and (d), of the Financial Supervision Act (*Wet op het financieel toezicht – Wft*) and Section 26a of the Decree on Prudential Rules for Financial Institutions (*Besluit prudentiële regels Wft*);

Having regard to Section 3:261 of the Financial Supervision Act, and Sections 29.05(3) to (5), Section 29.06(1), Section 29.07(4) and Section 29.16(1) of the Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees under the Financial Supervision Act (*Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft*);

Having regard to Section 212ra of the Bankruptcy Act (*Faillissementswet*);

Having consulted the representative organisations involved and the general public;

Decides as follows:

Chapter 1. General Provisions

Section 1

Unless expressly defined otherwise, the terms used in this Policy Rule have the same meaning as in the Financial Supervision Act and secondary legislation based on the Act.

In this Policy Rule, the following definitions apply.

- a. DNB: De Nederlandsche Bank N.V.
- b. Wft: Dutch Financial Supervision Act (*Wet op het financieel toezicht*).
- c. Bbpm: Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees under the Financial Supervision Act (*Bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft*).

- d. Deposit guarantee scheme: has the meaning given in Section 3:259(2) of the Wft.
- e. Bank: an institution that holds deposits that are covered by the deposit guarantee scheme, as defined in Section 29.01 of the Bbpm.
- f. Eligible deposit: a deposit that falls within the scope of the deposit guarantee scheme.
- g. Eligible depositor: a depositor that is not excluded under 29.01(2)(a) of the Bbpm.
- h. Covered deposit: has the meaning given in Section 7k(1) of the Bbpm.
- i. Depositor: the holder or, in the case of a joint account as referred to in Section 29.02(2) of the Bbpm, each of the holders of a deposit, including a beneficiary as referred to in Section 29.02(3) of the Bbpm.
- j. Representative: a person authorised to perform the act referred to in Section 29.07(1) of the Bbpm on the depositor's behalf.
- k. Single customer view: an overview of a depositor's aggregate deposits held by a bank, presented according to the data model referred to in [Section 2](#).
- l. SCV: Single Customer View.

- m. SCV file: a dataset in the format described in [Section 2](#) that provides a list of all of a bank's single customer views.
- n. SCV system: the set of procedures and controls a bank may use to produce an SCV file, calculate eligible and covered amounts, and take any resolution action, in a manner and within a time period specified by DNB.
- o. Micro, small and medium-sized enterprises, as referred to in Section 212g(1)(n) of the Bankruptcy Act.
- p. ISAE 3402: international standard on assurance engagements 3402, assurance reports on controls at a service organisation.

Chapter 2. Format of the Single Customer View

Part 2.1 SCV File Content And Submission

Section 2

1. A bank must create an SCV file that contains all the information necessary to administer the deposit guarantee scheme, according to a data model prescribed by DNB, and designed in such a manner as to link the deposit information to the details of the depositors and, if applicable, their representatives.
2. For each depositor, the SCV file must contain the following information as a minimum.
 - a. A unique identifying key for each depositor.
 - b. Markings as referred to in [Section 6\(1\)\(a\)](#).
 - c. Markings as referred to in [Sections 6\(2\) and \(3\)](#).
 - d. Customer type as referred to in [Section 7\(2\)\(a\)](#).
 - e. In the case of a natural person:
 1. Initials, surname, date of birth;
 2. Address details, including country;
 3. National identification number or tax identification number and issuing country, if the natural person has one;
 4. Vital status (i.e. whether a person is still alive);
3. For each representative, the SCV file must contain the following information as a minimum.
 - a. A unique identifying key for each representative.
 2. Address details, including country;
 3. National identification number or tax identification number and issuing country, if the natural person has one;
 4. Vital status (i.e. whether a person is still alive);
- f. In the case of a legal entity:
 1. Registered name;
 2. Registered place, including country;
 3. Address details, including country;
 4. If registered in the Netherlands, the Chamber of Commerce number or RSIN number;
 5. If registered in a foreign country, the tax identification number or Chamber of Commerce number;
 6. Specification of the legal personality of the legal entity.

- b. Initials, surname.
 - c. Date of birth, if known.
 - d. Address details, including country.
 - e. National identification number or tax identification number and issuing country, if the representative has one.
 - f. Type of competence per representation.
4. For each deposit, the SCV file must contain the following information as a minimum.
- a. A unique identifying key for each deposit.
 - b. Markings as referred to in [Section 6\(1\)\(a\)](#).
 - c. The account number known to the depositor.
 - d. The name of the depositor as recorded.
 - e. A product name or description for the deposit as known to the depositor.
 - f. The type of deposit as referred to in [Section 5\(2\)](#).
 - g. Markings as referred to in [Section 5\(3\)](#).
 - h. Markings as referred to in [Section 6\(1\)\(b\)](#) to (g).
 - i. Markings as referred to in [Section 6\(4\)](#).
 - j. The currency in which the deposit is held.
 - k. The account balance.

- l. The interest on the deposit accrued but not yet credited.
- m. The country where the deposit is held.
- n. The number of depositors for the account and, if there is more than one depositor, the percentage entitlement if it is not proportional.

Section 3

In creating the SCV file, as formalised in [Section 2](#), a bank must observe the following principles.

1. A bank must ensure that no account balances reported include any outgoing payments that, at the time of the Single Customer View being generated, have already been debited from an account, regardless of whether the bank has processed the payments itself.
 2. A bank must ensure that, where possible, the orders, rights and obligations arising from [Section 212b](#) of the Bankruptcy Act and associated with the bank's membership of a system as referred to in [Section 212a\(b\)](#) of the Bankruptcy Act have been incorporated into all reported account balances within the time period specified in [Section 9\(1\)](#).
3. In creating a Single Customer View, a bank does not mark the additional coverage of up to EUR 500,000 per depositor granted for three months after the monies have been credited, if such deposit relates directly to a contract for the purchase of a private residential property within the meaning of [Section 29.02](#) of the Bbpm.
 4. In creating a Single Customer View, a bank does not have to include any deposits held by natural persons or micro, small or medium-sized enterprises that would qualify as eligible deposits if the deposit had not been made through a branch located in a country other than a Member State, as referred to in [Section 29.01\(1\)\(a\)](#) of the Bbpm.

Part 2.2 Calculation Of Eligible And Covered Amounts

Section 4

1. In addition to the SCV file, a bank is also able to calculate the eligible amount and covered amount in euros for each depositor.
2. In calculating the amounts required by Section 4 (1), a bank must observe the following principles:
 - a. The aggregate amount in deposits marked in accordance with Section 5(3) and Sections 6(1)(b) to (h) and 6(4) must be treated as uncovered balances;
 - b. Deceased depositors as referred to in Section 2(2)(e)(4) and depositors as referred to in Sections 6(2) and (3) are treated as ineligible depositors.
3. In derogation from Section 4(2), a bank must observe the following principles in calculating the amounts necessary to determine the deposit base, as referred to in Section 29.16(1) of the Bbpm:
 - a. The aggregate amount of deposits marked in accordance with Section 5(3) and deposits as referred to in Sections 6(4) are treated as covered balances;
 - b. Deposits referred to in Section 6(1)(b) to (g) are treated as eligible deposits, with due observance of the maximum covered amount per individual depositor;
 - c. Deceased depositors as referred to in Section 2(2)(e)(4) and depositors as referred to Sections 6(2) and (3) are treated as eligible depositors;
 - d. The aggregate amount of deposits recorded in accordance with Section 6(1)(h) is treated as uncovered balances.

Part 2.3 Identification Of Deposits And Depositors

Section 5

1. A bank identifies and records the characteristics by which a depositor can be identified in a manner that allows the depositor's identity to be established with a high degree of reliability.
2. For each deposit, a bank must record the product type based on a data model prescribed by DNB and in accordance with the definitions set by DNB. These describe how the product categories relate to the order of eligible deposits as referred to in Section 3.1 of the Policy Rule on the Scope and Execution of the DGS.
3. For each deposit, a bank records whether it is being held on behalf of third-party beneficiaries under a contract or statutory requirement.

Section 6

1. A bank must mark the types of deposits and depositors listed below in such a manner as to allow their immediate identification.
 - a. Eligible deposits and depositors.
 - b. Deposits arising from transactions where there has been a criminal conviction for money laundering, as referred to in Section 29.01(2) of the Bbpm.
 - c. Deposits that are the subject of a legal dispute, as referred to in Section 8(5)(a) of the DGS Directive.
 - d. Deposits that are subject to restrictive measures imposed by national governments or international bodies, as referred to in Article 8(5)(b) of the DGS Directive.
 - e. Deposits on which a pledge has been created for a third-party beneficiary.
 - f. Deposits that have been seized.
 - g. Deposits that are frozen under regulations in the country in which the deposit is held, to the extent that this freeze is relevant for the payout under the deposit guarantee scheme.
 - h. Bank savings deposits for a private residential property, as referred to in Section 29.01(2)(e) of the Bbpm.
2. A bank marks depositors whose identities cannot be established with a high degree of reliability, as referred to in Section 5(1).
3. A bank marks depositors where the markings referred to in Section 6(1)(a) cannot be made with a high degree of reliability.
4. A bank marks deposits where the markings referred to in Section 6(1)(a) cannot be made with a high degree of reliability.

Chapter 3. Bank Resolution

Section 7

1. For the purposes of preparing and updating a resolution plan, a bank must submit, among other things, a detailed description of the components of the deposits held with this bank.
2. For the purposes of providing a detailed description as referred to in Section 7(1):
 - a. A bank marks, in addition to Section 6(1), eligible deposits held by natural persons and micro, small and medium-sized enterprises in such a manner as to allow their immediate identification;
 - b. A bank is able to produce a list of deposits as referred to in Section 3(4).

Section 8

1. If the resolution plan for the bank provides grounds for doing so, a bank must have procedures and controls in place to be able to:
 - a. Transfer part of an eligible deposit to a separate account;
 - b. Freeze deposits:
 1. Held by ineligible depositors or whose depositors are deceased, as referred to in [Section 2\(2\)\(e\)\(4\)](#), or depositors marked in accordance with [Section 6\(2\)](#) or (3);
 2. Marked in accordance with [Section 5\(3\)](#) or [Section 6\(1\)\(b\)](#) to (h) or 6(4).
2. A bank must complete the acts referred in [Section 7\(1\)](#) before midnight on the business day following the announcement that resolution action is being taken.

Chapter 4. Data Submission

Section 9

1. A bank must provide DNB with the SCV file within three business days of:
 - a. DNB having decided to trigger the deposit guarantee scheme, as provided in [Section 3:26o\(1\)](#) of the Wft;
 - b. DNB having made a specific request to that effect.
2. At DNB's request, a bank must provide DNB with the information referred to in [Sections 4\(1\)](#) and [Section 7](#) within three business days.
3. A bank may provide the list referred to in [Section 7\(2\)\(b\)](#) separately from the SCV file.
4. In derogation from [Sections 9\(1\)](#) and (2), DNB may extend the submission deadline beyond three business days if a request to that effect is made in accordance with [Section 26a](#) of the Bpr.
5. If it wants to supplement or amend the data in the SCV file submitted in accordance with [Section 9\(1\)](#), a bank must so notify DNB immediately.
6. The SCV file referred to in [Section 9\(1\)](#) must be submitted in the manner and in a file format prescribed by DNB.

Chapter 5. Data Quality Assurance

Part 5.1 Controls of a bank

Section 10

1. A bank's SCV system must ensure the correctness and completeness of the following information in such a manner as to allow DNB to proceed to pay compensation to depositors with a high degree of reliability.
 - a. The information referred to in [Section 2](#), having regard to the guiding principles referred to in [Section 3](#) and the deadlines stated in [Section 9](#).
 - b. The record-keeping system referred to in [Section 5](#).
 - c. The markings referred to in [Section 6](#).
2. The SCV system of a bank guarantees a reliable calculation and delivery of the amounts referred to in [Section 4](#).
3. A bank must ensure that the information in the SCV file, referred to [Section 2](#), the amounts referred to in [Section 4\(1\)](#), and the deposit base calculations referred to in [Section 4\(3\)](#)

are consistent with the reports filed with the regulatory authority under Implementing Regulation (EU) No 680/2014.

Section 11

1. A bank must have the following controls in place as a minimum.
 - a. Procedures that allow compliance with the requirements set out in this Policy Rule to be embedded in the normal conduct of business for all business units involved, including the internal audit department.
 - b. Documentation that describes the entire set of procedures and controls relating to the requirements set out in this Policy Rule.
 - c. Documentation that allows an ex-post evaluation to be carried out of the process of generating the information referred to in [Sections 2, 4](#) and [7](#), and of the effectiveness of the controls.
 - d. An annual opinion issued by the bank's internal audit department of the extent to which the requirements set out in this Policy Rule have been complied with.

2. The annual report of the internal auditor must be shared with DNB.
3. A bank's report, as referred to in [Section 11\(2\)](#), includes a document that describes the foreseeable material changes to the bank's SCV system.

Part 5.2 Supervision

Section 12

1. A bank annually instructs an external auditor to review compliance with the requirements set out in this Policy Rule during the reporting year. This engagement is based on ISAE 3402, which not only tests the set-up and existence of the compliance measures, but also their operating effectiveness (type 2).
2. If DNB requires an ad hoc opinion by an external auditor, a bank must issue instructions accordingly, based on ISAE 3402, as soon as possible.
3. The report prepared by the external auditor pursuant to the instructions referred to in [Section 12\(1\)](#) must be shared with DNB within five months after the end of the reporting year.

Section 13

1. A bank must inform DNB of any intention to make material changes to the bank's SCV system and notify DNB within three months of any material changes in its SCV system being implemented.
2. The notification referred to in [Section 13\(1\)](#) must be accompanied by a statement issued by the bank to the effect that its SCV system is in line with this Policy Rule.

Section 14

1. If a bank joins the DGS after this Policy Rule has come into force, the bank must provide DNB with:
 - a. The SCV file referred to in [Section 2](#) within six months of joining the DGS;
 - b. A report by the internal auditor, as referred to in [Section 11\(4\)](#), as soon as possible after the end of the first reporting year;
 - c. A report, as referred to in [Section 12\(1\)](#), within five months after the end of the first reporting year.

- d. The audit engagement for the first reporting year, based on ISAE 3402 type 1.
2. The provisions set out in [Section 14\(1\)](#) apply mutatis mutandis in the event of a merger or acquisition

Section 15

1. DNB assesses the quality of the SCV file submitted and the control of the SCV system.
2. If the assessment provides grounds for doing so, DNB may instruct a bank to put measures in place to improve the data quality or control.
3. For the purposes of assessing the SCV file, DNB may at any time make a request as referred to in [Section 9](#), in which case the SCV file must contain all single customer views based on up-to-date information available to the bank.
4. In assessing the control of the SCV system, DNB must use the periodic reviews by the bank's internal audit department referred to in [Section 11\(4\)](#) and the external auditor's report referred to in [Section 12\(1\)](#).

Chapter 6. Transitional and final provisions

Section 16

1. There will be a transitional period from the effective date of this Policy Rule until 1 January 2019.
2. A bank decides, in consultation with and after approval by DNB, which of the methods described below it will use to submit the deposit information and depositors' details during the transitional period:
 - a. The method according to which a bank supplies the data per account, with DNB creating the SCV in accordance with the data model prescribed by DNB;
 - b. The method set out in Chapters 1 to 4 of this Policy Rule, according to which a bank creates and submits the SCV in accordance with the data model prescribed by DNB.
3. A bank is able to submit the deposit information in accordance with the method described in [Section 16\(2\)\(a\)](#) until 1 January 2019, regardless of whether it is able to submit

deposit information in accordance with the method described in [Section 16\(2\)\(b\)](#).

4. A bank submits to DNB, within four months after the effective date of this Policy Rule, a transitional plan that describes the approach and timelines of the transition to the method described in [Section 16\(2\)\(b\)](#).
5. A bank submits to DNB:
 - a. Over the reporting year 2018, a report of the external auditor as referred to in [Section 12](#), based on ISAE 3402 type 1;
 - b. Over the reporting year 2019, a report of the external auditor as referred to in [Section 12](#), based on ISAE 3402 type 2.

[Section 17](#)

This Policy Rule will come into force on the day after its publication in the Government Gazette (*Staatscourant*).

[Section 18](#)

This Policy Rule must be cited as the Single Customer View Policy Rule 2017 (*Beleidsregel Individueel Klantbeeld Wft 2017*).

This Policy Rule, including the notes, will be published in the Government Gazette (*Staatscourant*).

Amsterdam, the Netherlands, 10 July 2017

De Nederlandsche Bank N.V.

Notes

General

The DGS protects depositors and, by extension, contributes to the stability of the banking sector. If a bank fails to meet its financial obligations, the DGS pays out a maximum of EUR 100,000 to each of the bank's depositors. In the wake of the financial crisis, the DGS has been strengthened in various ways so as to further enhance financial stability. The recast European Directive on deposit guarantee schemes (2014/49/EU, also known as the Deposit Guarantee Schemes Directive or DGSD) plays an important role in this context by seeking maximum harmonisation of many aspects of the various deposit guarantee schemes. In the Netherlands, the Directive has been transposed into the Financial Supervision Act (*Wet op het financieel toezicht – Wft*), the Decision on Prudential Measures, Investor Compensation and Deposit Guarantees (*Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft – Bbpm*) and the Decree on Prudential Rules for Financial Institutions (*Besluit prudentiële regels Wft – Bpr*).

An important element of the DGS reforms is the shorter deadline for awarding and paying out compensation. The shorter payout deadline will contribute to the stability of the banking sector because depositors will be assured that they can obtain their funds quickly again after a bank failure. This is why it has been agreed to reduce the deadline from the current twenty business days to seven business days.

The DGSD recognises that many Member States lack the procedures necessary for a shorter payout deadline. Member States have therefore been given the opportunity to gradually shorten the payout deadline to seven business days during a transitional period. The Netherlands has used this option when enshrining the DGSD into its national law. The Bbpm requires the deadline to be shortened to fifteen business days by 1 January 2019, ten business days by 1 January 2021, and seven business days by 1 January 2024. The banks and DNB are united in their ambition to pay compensation within seven business days by 2019.

The shorter payout deadline also means that a depositor's amount of compensation under the DGS must be established more quickly. To make this happen, banks will themselves have to produce and submit an overview of all funds held by each depositor. This is known as the Single Customer View (SCV). The purpose of an SCV is to provide an aggregated view of all deposits held by each depositor, including an indication as to whether the depositor is eligible under the DGS and, if so, up to what amount the depositor can claim compensation. Until these new rules have been introduced, the SCV will be created by DNB in its capacity as the administrator of the Dutch DGS. If banks themselves produce and submit the SCV to DNB, it will be possible to meet the shorter payout deadline with effect from 2019. This Policy Rule is therefore based on a 7-business-day payout deadline. This ambitious goal is also in the interests of banks, in that it avoids them having to adjust their payout system several times within the space of a few years.

Apart from enabling a shorter payout deadline, arranging for a bank to produce its own SCV will enhance the accuracy and adequacy of its procedures and controls and its reporting of covered deposits. The information will also help DNB carry out its resolution mandate and improve a bank's resolvability, subject to the statutory confidentiality requirements.

In order to administer the DGS, DNB ultimately needs an overview of all a bank's single customer views. This is known as the SCV file. Under Section 26a of the Bpr, a bank must be capable of providing DNB with the information it requires to administer the DGS (i.e. the SCV file) at DNB's request, in a manner and within a time period specified by DNB. To do so, a bank must have procedures and controls in place to ensure that this information is continually updated and adequately documented (referred to in this Policy Rule as the 'SCV system'). DNB explains these requirements in greater detail in this

Policy Rule. This Policy Rule specifies the minimum information the SCV file must contain, and how a bank has to design its record-keeping system and related procedures and controls so as to be able to produce the SCV correctly, fully, promptly and in accordance with the data model prescribed by DNB. This will allow DNB to pay out covered deposits in a timely fashion. The requirements in terms of how the SCV should contribute to resolution are also discussed, as is the manner in which banks must submit the information and how data quality assurance is monitored.

Notes structured by Section

Chapter 1. General provisions

Section 1

This Section provides a number of definitions relevant to this Policy Rule. For SCV purposes, it reiterates several terms that define the scope of the DGS.

In light of this, it should be noted first of all that 'deposits' are defined in Section 1:1 of the Wft. Sections 29.01(2)(b) to (e) of the Bbpm then go on to provide specifically that the deposit guarantee scheme does not apply to instruments that come within the definition of 'own funds' within the meaning of the Capital Requirements Regulation, or to debt instruments issued by banks or debts arising from banks' own accepted bills and promissory notes. In addition, the DGS does not apply to deposits arising from transactions involving a criminal conviction for money laundering or to bank savings deposits relating to a private residential property to the extent that they are offset against a property loan, as

provided in Section 3:265d of the Wft.

In order to determine whether a deposit is eligible for protection under the DGS, regard must also be had to Section 29.01(2)(a) of the Bbpm because the deposit guarantee scheme does not apply to deposits held by certain depositors. A depositor qualifies as an 'eligible depositor' unless excluded.

If a deposit and its depositor are not excluded under Section 29.01(2) of the Bbpm, the deposit falls within the scope of the DGS and is referred to as an 'eligible deposit'.

A covered deposit is the part of eligible deposits that is effectively covered by the deposit guarantee scheme. The DGSD uses a similar definition of 'covered deposit', defining it as 'the part of the eligible deposit that does not exceed the coverage level laid down in Section 6'. This is equivalent to the definition of 'covered deposit' given in Section 7k(1) of the Bbpm.

Notes structured by Section

Example: an individual depositor holds two deposits, both in his own name and for his own benefit, at a bank whose deposits are protected under the Dutch DGS. The funds are held on a current account with a balance of EUR 40,000 and a fixed-term deposit account with a balance of EUR 90,000. The individual depositor has identified himself in accordance with Section 4(1) of the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wet ter voorkoming van witwassen en financieren van terrorisme*). In this case, both deposits meet the definition of a deposit given in Section 1:1 Wft, and the depositor will not be excluded under the DGS. So this example involves an eligible depositor with a total of EUR 130,000 in eligible deposits, and a total of EUR 100,000 in covered deposits.

The Policy Rule defines the term 'depositor' so as to distinguish it from an 'account holder', which is also a term commonly used by banks in their communications with customers. In this Policy Rule, the term 'depositor' means the person entitled to all or any part of funds deposited with

a bank. In most cases, the depositor and the account holder will be one and the same person, but a difference arises when the account holder holds a deposit in his own name for a third-party beneficiary under a contract or statutory requirement. In such cases, it is the third-party beneficiary that enjoys protection and is treated as the depositor, provided that the third-party beneficiary's identity can be established before the date of the ruling that led to the DGS being activated.

To a certain extent, the distinction between 'depositor' and 'account holder' made in this Policy Rule provides further clarification of the Explanatory Memorandum to the Deposit Guarantee Scheme Implementing Decree (Implementatiebesluit depositogarantiestelsel) of 16 November 2015.

The details of any representatives play an important role in the Single Customer View. A representative should obviously be able to arrange for compensation to be paid to the

depositor by submitting a written request or logging in to a dedicated website on the depositor's behalf. The term 'representative' is interpreted broadly so as to ensure that it covers two types of representatives: those representing natural persons and those representing legal entities. Representatives must have full power to perform all acts on the depositor's behalf, such as, for example, the parent of a child, or a company representative registered with the Chamber of Commerce.

The definition of a 'bank' in this Policy Rule only covers banks within the meaning of Section 29.01(1) of the Bbpm. The term 'bank' is given a broader definition in the Wft, which cannot therefore be applied one on one. Here, the term refers to the entity that holds the relevant authorisation. So where the SCV Policy Rule refers to a 'bank', the reference is to that entity's banking authorisation. This means that each individual authorised bank must submit an SCV. Creating an SCV at group level is not permitted.

Notes structured by Section

This Section distinguishes between the 'SCV', the 'SCV file', and the 'SCV system'. The 'SCV' means the overall view of a single depositor's aggregate funds, supplemented with specific details and markings that DNB requires to be able to pay compensation. Building on the example given above, the Single Customer View for that depositor will show that he has a total of EUR 130,000 in eligible deposits and a total of EUR 100,000 in covered deposits.

The 'SCV file' contains the single customer views of all depositors with a bank. This file is the data set that a bank must ultimately produce to enable DNB to pay compensation.

In order to create the SCV file and related summaries, a bank must use an SCV system, which is the entire set of procedures and controls available to a bank to create the SCV file and other documents in a manner and within a time period specified by DNB.

Finally, this Section clarifies that the definition

of micro, small and medium-sized enterprises is based on the European Directive establishing a framework for the recovery and resolution of credit institutions and investment firms (2014/59/EU, also known as the Bank Recovery and Resolution Directive, or BRRD), transposed into Dutch legislation in Section 212g(1)(n) of the Bankruptcy Act (Faillissementswet). It follows from this Section that, for the purposes of distinguishing between micro, small and medium-sized enterprises on the one hand, and corporates on the other hand, the annual turnover criterion is the sole criterion to be taken into account.

Chapter 2. Format of the Single Customer View

Part 2.1 SCV file content and submission

This section specifies the information to be included in the SCV file as a minimum and sets out the guiding principles for creating the file. It provides the framework for the formal

logical data model prescribed by DNB for the submission of all data. The formal logical data model will be published by DNB separately so as to allow enough flexibility to respond to new developments and the shared experience of DNB and the banks in terms of data content. The prescribed format strikes a balance between certainty (about the contours of the data model) and flexibility (to allow for technical requirements in particular).

Section 2

This Section stipulates that a bank must be capable of creating an SCV file in accordance with DNB's prescribed data model. It is important that the bank connects the details of depositors, deposits and any representatives in order for DNB to calculate the covered balance per depositor.

Sections 2(2), (3) and (4) specify the information that must be included in the SCV file as a minimum. Details of the data in the data model are set out in the formal logical data model and explained in the DGS Data Delivery Manual. These

Notes structured by Section

documents are published separately by DNB. The technical specifications of the data exchange are described in the Data Delivery Agreement.

Some of the provisions in this Section should perhaps be clarified. The unique identifying key referred to in Section 2(2)(a) ensures that the single customer views included in the SCV file can be identified individually. Section 2(3)(a) and Section 2(4)(a) prescribe a similar unique identifying key for representatives and deposits.

The markings to be reported per depositor (Section 2(2)(b) and (c)) and per deposit (Section 2(4)(f), (g), (h) and (i)) allow DNB (and the banks themselves) to process the information in the SCV file in a certain way. For example, the marking that indicates whether a depositor is eligible under the DGS allows DNB to make a distinction between these two types of depositors. The prescribed markings are specified in Section 6. In most cases, a value from a predefined drop-down list must be entered to mark deposits and depositors and so, for example,

to indicate depositors' eligibility (Section 2(2)(b)). This is specified in more detail in the data model.

The 'tax identification number', as referred to in Section 2(2)(e)(3), of natural persons means the Dutch citizen's service number (BSN) or a tax identification number (TIN) used by another country. The country issuing the number must be stated so that the identification number can be verified. In the case of depositors resident in the Netherlands, the BSN should in principle be provided. This can be used to check the person's residential address. There are, however, some exceptions to the rule that depositors resident in the Netherlands have a BSN, and the data model will need to be sufficiently flexible to accommodate these depositors.

The recording of the 'vital status', as referred to in Section 2(2)(e)(4), deals with the situation in which the depositor has died. In such cases, the heirs can potentially claim compensation under the DGS, but their identity may not be immediately known. Awarding compensation may then be

deferred, in accordance with Section 8(5) of the DGS Directive, which provides scope for doing so if it is uncertain whether a person is entitled to a payout.

Under Section 2(2)(f)(4), legal persons registered in the Netherlands are requested to provide their Chamber of Commerce (KvK) number or RSIN. As the KvK number will be replaced, over the coming years, by the RSIN, at least one of the two numbers must be provided. In the case of legal persons registered outside the Netherlands, a bank must state the tax identification number (i.e. the TIN, or the Chamber of Commerce number issued by the relevant country and specify the issuing country.

Under Section 2(3), a bank must specify the type of powers held by the representative in the SCV file. In the case of legal persons, this refers to the powers of the legal entity's officers to act, as recorded in the Trade Register of the Chamber of Commerce. It is up to the bank to provide this information. The officers of a public or private

limited company (NV or BV), a foundation, association or cooperative may, for example, be stated as being 'independently authorised' or 'jointly authorised'. In the case of a general or limited partnership, the Chamber of Commerce refers to powers being 'unlimited, limited or not authorised'. A legal person may also grant a 'full' or 'limited' power of attorney to someone.

The information required under Section 2(4)(n), i.e. the number of depositors and, if applicable, the percentage entitlement per depositor if an account is held by more than one depositor, relate to the provisions on joint accounts as set out in the Bbpm. Section 29.02(2) of the Bbpm stipulates that, in the event of a joint account, the guarantee applies to each depositor individually for a proportionate part of the deposit, unless otherwise agreed by contract.

Section 3

This Section sets out a number of guiding principles for banks to observe when creating the SCV file.

Sections 3(1) and (2) describe how a bank, in creating the SCV file, must deal with payments where the underlying flow of funds – and hence the transaction as a whole – has not yet been settled in full (also known as 'in-flight transactions'). Section 3(1) provides that a bank must exclude from the reported deposit balance all outgoing payments that have already been debited from the deposit account. This ensures that the deposit balance in the SCV file tallies with the balance visible to the depositor at the time of default or on the date when the DGS was activated.

Section 3(2) deals with incoming payments and is consistent with Section 212b of the Bankruptcy Act, into which the Settlement Finality Directive (No 98/26/EC) has been implemented. The Settlement Finality Directive stipulates that once transfer orders have been entered in a payments system, they cannot be revoked or otherwise cancelled. In other words, transfer orders that have been entered in a designated system are irrevocable and final, even if a member of the

system has become insolvent. It also follows from the Settlement Finality Directive that incoming transactions should still be permitted to be included in the recipient's account balance after the DGS has been activated. On this issue, Section 3(2) prescribes that, in creating the SCV, a bank must, if at all possible, incorporate the orders, rights and obligations relating to its membership of such designated systems into the reported balances within the time period for submitting the SCV file so as to do justice as effectively as possible to both the Settlement Finality Directive and the payout deadline under the DGS.

Deposits held in connection with a contract for the purchase of a private residential property are an exception to the coverage level of EUR 100,000 per depositor stated in Section 29.02(1) of the Bbpm. This type of deposit is categorised as a temporary high balance and covered up to an additional maximum EUR 500,000 per depositor for three months, as provided in Section 29.02(4) of the Bbpm. Because a temporary high balance is not held in

a separate account, it will be up to the depositor to prove that he or she held a temporary high balance resulting from a recent purchase contract for a private residential property at the point when the DGS was activated. Banks are not expected to have information available on temporary high balances. They are not, therefore, required to specify temporary high balances separately in the SCV, as referred to in Section 3(3).

When creating the SCV, a bank also does not have to take into account deposits held with a branch office located in a country other than a Member State, as referred to in Section 3(4). As shown in Section 29.01(1)(a) of the Bbpm, these deposits are not covered under the DGS.

Part 2.2 Calculation of eligible and covered amounts

This section stipulates that a bank must be able to calculate the covered amount in euros for each depositor and how a bank must deal with the markings referred to in Section 6.

Section 4

For the purposes of administering the deposit guarantee scheme, DNB will establish the covered amount for each depositor on the basis of the SCV file supplied by a bank. There may, however, be situations in which a bank must calculate and report the aggregate covered amount per depositor to DNB to allow DNB, for instance, to draw up and update a resolution plan, prepare for a DGS payout, or calculate the levies a bank must pay into the DGS. Section 4(1) ensures that a bank will be able to do this and Sections 4(2) and (3) describe how a bank is expected to deal with markings for certain purposes.

Section 4(2) firstly describes a situation in which a bank is asked to calculate the eligible amount in order for DNB to draw up or update a resolution plan or prepare for a DGS payout, for instance. In such cases, it will be appropriate to exclude deposits and depositors whose eligibility under the DGS cannot be reliably established. After all, if the DGS is activated, these deposits cannot simply and automatically be paid out

or transferred; this will need to be assessed on a case-by-case basis. This is why a bank may exclude from the SCV the following deposits when calculating the covered amount.

- (i) Deposits held on behalf of third-party beneficiaries.
- (ii) Deposits associated with money laundering.
- (iii) Deposits that are the subject of a legal dispute.
- (iv) Deposits that are the subject of restrictive measures by national governments or international bodies (e.g. on a terrorism or sanctions list).
- (v) Deposits on which a pledge has been created for a third-party beneficiary;
- (vi) Deposits that have been seized.
- (vii) Deposits that are blocked under a regulation in the country in which the deposit is being held, to the extent that this blocking is relevant for the payout under the deposit guarantee scheme.
- (viii) Bank savings deposits for a private residential property.

- (ix) Deposits held by depositors who have died.
- (x) Deposits whose depositor cannot be identified with a high degree of reliability.
- (xi) Deposits where it cannot be established with a high degree of reliability whether they are eligible for the DGS.
- (xii) Deposits held by depositors where it cannot be established with a high degree of reliability whether they are eligible for the DGS.

Section 4(3) sets out the guiding principles which a bank must observe in calculating the deposit base that constitutes the basis for the contributions payable to the Deposit Guarantee Fund, i.e. the report referred to in the Regulation on Statements of Financial Institutions (Regeling staten financiële ondernemingen Wft) (most recently amended by DNB's decision dated 10 July 2017). In contrast to the calculations requested under Section 4(2), a bank will need in this particular case to include deposits whose eligibility under the DGS cannot be

- reliably established so as to avoid the amounts calculated being too low relative to the actual deposits covered. This is why, in such cases, the balances on the following accounts must be included in the deposit base for quarterly reporting purposes.
- (i) Deposits held on behalf of third-party beneficiaries.
 - (ii) Deposits associated with money laundering.
 - (iii) Deposits that are the subject of a legal dispute.
 - (iv) Deposits that are the subject of restrictive measures by national governments or international bodies (e.g. on a terrorism or sanctions list).
 - (v) Deposits on which a pledge has been created for a third-party beneficiary.
 - (vi) Deposits that have been seized.
 - (vii) Deposits that are blocked under a regulation in the country in which the deposit is being held, to the extent that this blocking is relevant for the payout of the deposit guarantee scheme.

- (viii) Deposits held by depositors who have died.
- (ix) Deposits whose depositor cannot be identified with a high degree of reliability.
- (x) Deposits where it cannot be established with a high degree of reliability whether they are eligible for the DGS.
- (xi) Deposits held by depositors where it cannot be established with a high degree of reliability whether they are eligible for the DGS.

Conversely, bank savings deposits held in connection with a private residential property must again be excluded from the SCV because they generally do not qualify as covered deposits as they are automatically offset against the depositor's mortgage loan.

Part 2.3 Identification of deposits and depositors

This section describes the information a bank must hold in its record-keeping systems to

ensure the accurate, complete and immediate identification of deposits and depositors, and to determine whether deposits and depositors are eligible under the DGS. The markings in the bank's systems form the basis for producing the SCV.

Section 5

Section 5(1) stipulates that a bank must identify a depositor and record the identifying information in such a way as to ensure that the depositor's identity can be established with a high degree of reliability and to allow compensation to be paid under the DGS. In practice, this means that a bank must supply an SCV for the depositor containing a combination of details showing the depositor's identity with a high degree of reliability. There are various reliable combinations of identifying details conceivable, as illustrated by the following example. If two deposits are registered to a natural person and the administrative details for both deposits show the same Citizen Service Number (BSN), date of birth and surname, there is a high degree of reliability that both deposits can be allocated to one and

the same depositor. If details are missing from a combination (e.g. the date of birth) or if details are inconsistent (e.g. an error in the Citizen Service Number for one of the two deposits), the depositor's identity cannot be established with a high degree of reliability.

Paragraph 2 of Section 5 stipulates that banks must use the various options available to administer the relevant type of deposit product. The options available are included in the data model prescribed by DNB. Based on the product category definitions determined by DNB, and as stated in the manual for the banks, banks can determine which category to use for recording a product.

Recording products in categories enable it to be quickly determined which deposits are unsuited for automated calculations and where the covered amounts consequently have to be calculated manually. This system of recording will also make it easier to operate the DGS as depositors can be kept better informed,

during the process, of the amounts covered under the DGS.

The product category to which a deposit is assigned also determines its position in the ranking priority, as detailed in the Policy Rules on the Scope and Execution of the DGS. The manual for the banks specifies the category (i.e. current accounts, savings accounts, term deposits or special accounts) to which each deposit belongs.

Section 5(3) describes the situation referred to in Section 29.02(3) of the Bbpm, where an account holder holds a deposit for a third party under a contract or statutory provision. A term of three months after the date of the decision by DNB or ruling by a judicial authority, as referred to in Section 3:260(1)(a)(b) of the Act, applies for granting and paying out compensation to a third party as referred to in Section 29.02(3).

Section 6

Section 29.05 of the Bbpm stipulates that the DGS must be able at some point in the next few years

to pay compensation within seven business days. However, the Bbpm lists numerous exceptions that have an impact on whether a deposit and/or depositor is eligible under the DGS or not. Given the short space of time in which payouts will have to be made in the future, these requirements can be met only if the identifying details that determine eligibility, and the exceptions allowed when operating the DGS, have already been documented in banks' record-keeping systems. This is why Section 6 prescribes the markings that a bank must incorporate into its systems so as to ensure that certain types of deposits and depositors can be identified immediately.

The marking referred to in Section 6(1)(a) separates depositors and deposits not eligible under the DGS, as provided for in Section 29.01(2)(a) of the Bbpm, from those eligible under the scheme.

The marking referred to in Section 6(1)(b) addresses the situation envisaged in Section 29.01(2)(d) of the Bbpm, which stipulates that the DGS does not apply to deposits held as a result

of transactions involving a criminal conviction for money laundering.

The markings referred to in Section 6(1)(c) and (d) reflect two situations in which payout of a deposit may be deferred in accordance with Article 8(5) of the DGS Directive.

The marking referred to in Section 6(1)(e) addresses the situation in which a pledge has been created on a deposit for the benefit of a third-party beneficiary.

The marking referred to in Section 6(1)(f) addresses the situation in which a deposit is subject to seizure.

The marking referred to in Section 6(1)(g) addresses the situation in which a deposit is blocked under regulations in the country in which the deposit is held.

The marking referred to in Section 6(1)(h) addresses the special situation of bank savings

deposits held in relation to a private residential property. As a rule, the DGS does not apply to such deposits, except where the deposit cannot be offset, either fully or partially, against the corresponding property loan. Theoretically at least, this could happen if the balance in the bank savings deposit exceeds the corresponding property loan. Because the corresponding property loan is not reported in the SCV, the full balance in the bank savings deposit will be included in the SCV and subsequently marked and separated from the depositor's eligible amount, on the assumption that the bank savings deposit will be offset in full. If information supplied by the depositor bears out that the bank savings deposit for a private residential property cannot be offset in full against the corresponding property loan, the marking will allow the DGS administrator to pay out the bank savings deposit, to the extent that the covered amount is not exceeded.

Section 6(2) stipulates that if a depositor's identity cannot be established reliably, a bank must specify this in the SCV. This will be the case if,

for instance, any of the prescribed identifying data are missing and consequently no relevant combination of details can be made. Awarding compensation may then be deferred, consistent with Article 8(5) of the DGS Directive. A marking of this kind may reflect poor data quality. In such cases, a bank must improve its data quality as soon as possible so as to minimise this type of marking.

Section 6(3) contains a provision to deal with the situation in which a bank marks a depositor if it cannot be reliably established that the depositor is eligible for the DGS.

Section 6(4) contains a similar provision to deal with the situation in which a bank marks a deposit if it cannot be reliably established that the deposit is eligible for the DGS. DNB expects banks to be cautious about marking deposits in either of these ways.

Chapter 3. Bank resolution

Chapter 3 describes how the SCV file and SCV system support bank resolution.

Section 7

This Section stipulates that a bank must be able to provide DNB with a detailed description of the component parts of deposits held with the bank for resolution planning purposes. It is important that a bank should be able to indicate not only whether a deposit is eligible under the DGS, but also whether an eligible deposit is held by a natural person or a micro, small or medium-sized enterprise. This extra information is needed so as to provide a full view of a bank's liabilities, especially the ranking of deposits in the hierarchy of creditors.

This has to do with Section 212ra(1)(b) of the Bankruptcy Act, which stipulates that any part of an eligible deposit over and above the covered amount and held by a natural person or a micro, small or medium-sized enterprise ranks ahead

of the claims of unsecured creditors. This implies that the part of an eligible deposit over and above the covered amount held by a corporate has no priority ranking, even though the deposit is eligible under the DGS.

A similar situation applies to eligible deposits held by natural persons and micro, small and medium-sized enterprises through a branch of a Dutch-based bank located outside the European Union. As explained in the notes to Section 3, these types of deposits are not covered under the DGS. However, they are assigned priority ranking under Section 212ra(1)(b) of the Bankruptcy Act. Here, too, it is important for a bank to supply extra information so as to provide a full view of the ranking of deposits within the hierarchy of creditors, beyond the information it is required to provide for DGS operational purposes.

Section 8

The resolution plan sets out the resolution strategy to be put into operation if an institution runs into difficulties. In preparing and updating

the resolution plan, the resolution authority assesses the institution's resolvability and may require it to remove certain impediments to its resolvability. Section 8 contributes to achieving this by prescribing that, if the resolution plan provides grounds for doing so, a bank must put in place procedures and controls for dealing with eligible or covered deposits during the period in which a resolution tool is applied. This may be the case if, for instance, the resolution strategy provides for the use of the sale of business tool, to transfer deposits.

Section 8(1) describes the procedures and controls a bank needs to have in place to separate and freeze the part of the deposits that will not be transferred from the part that will.

This type of functionality is necessary to enable, for example, a practical way of transferring covered deposits, which is a technically complex exercise. Although the legal transfer of deposits to another business will generally take only a

short time, the technical transfer is more time-consuming. To ensure continuity of access to the critical (payment) function of deposits, it is conceivable that the deposits transferred may initially continue to be accessed on the systems of the bank that is being resolved. This is how depositors will continue to have access to their current accounts and to be able to use their debit cards for those accounts. Once the necessary preparations have been completed, the business that has taken over the deposits will migrate them to its own systems.

Example: a natural person holds funds with a bank in the form of two deposits with balances of EUR 90,000 (first account) and EUR 60,000 (second account), and the decision is made during the bank's resolution process to transfer the covered deposits held with the bank to another business. Based on the Single Customer View for the depositor, EUR 100,000 in funds will then be transferred and EUR 50,000 in funds will stay with the failed bank. Depending on the

procedures and controls the bank has in place, this separation can be effected in a number of ways. One option would be to transfer the first account (EUR 90,000) in full and to split the second account into a part that is transferred and remains accessible (EUR 10,000) and a remaining part (EUR 50,000) that is placed into a separate account. Another option would be to split both accounts proportionally into a part that remains accessible (EUR 60,000 and EUR 40,000 respectively) and a remaining part (EUR 30,000 and EUR 20,000) that is separated and perhaps combined into a separate account.

By analogy with the notes to Section 4(2), Section 8(2) requires a bank to be able to freeze certain deposits. These are deposits that cannot reliably be classified as eligible under the DGS when the resolution tool is deployed. If a transfer is limited to eligible or covered deposits only, those deposits cannot be transferred automatically. If the resolution plan provides grounds for doing so, a bank must also have procedures and controls

in place to freeze these types of deposits so as to allow the DGS time to determine whether they are eligible under the DGS and hence can be transferred or paid out.

The aforementioned actions are possible not only when the 'sale of business' resolution tool is deployed, but also when the 'bail-in' or 'bridge bank' tools are used as a resolution tool. If the bail-in is implemented such that also the deposits of corporate depositors (or even those of retail depositors and small, micro or medium-sized enterprises above EUR 100,000) are affected, these deposits also have to be separated.

Section 8(2) specifies the deadline by which the action described must be undertaken. This is consistent with Section 3a:52(1) of the Wft, which confers on the resolution authority the power to defer certain obligations until 12 midnight (Dutch time) at the end of the business day on which the decision to apply the resolution tool is announced.

Chapter 4. Data submission

Under Section 26a of the Bpr, DNB sets the deadline by which a bank must provide DNB with the information it requires to operate the DGS. This chapter sets out the deadlines and manner in which banks are to supply DNB with the information described in this Policy Rule.

Section 9

To be able to pay compensation within seven business days, DNB needs to receive the SCV files from a bank within three business days of the DGS being activated. This is required by Section 9(1)(a).

Section 9(1)(b) allows DNB to ask a bank to provide the SCV file within three business days in other situations as well, for instance when it needs the information to run a stress test on the DGS system, as provided in Section 4(11) of the DGS Directive.

Section 9(2) stipulates that a bank must provide DNB with information on covered and eligible amounts in euros for each deposit separately within three business days of a request to that effect. Similarly, a detailed description of the component parts of the deposits must be submitted within three days. Submitting such a request could be if a bank has to be resolved and this information consequently has to be made available within a short space of time. A term of around six weeks applies if the deposit base has to be notified to DNB, as referred to in Article 4(3), as the timeline applying in this situation is the same as in the FINREP.

Article 9(4) confirms that DNB may choose a submission deadline longer than three business days if, for instance, it needs the information for normal validation purposes.

Banks are expected to provide accurate and complete information, the reason being of course that this information is used, among other things, as a basis for paying compensation to depositors.

If a supplement or adjustment is nevertheless necessary, a bank must notify DNB immediately in order to decide in dialogue how to deal with the request.

Section 9(6) provides that a bank must submit the SCV file in a manner and file format prescribed by DNB. See also the notes to Section 2.

Chapter 5. Data quality assurance

Part 5.1 controls of a bank

Part 5.1 sets out the controls to ensure data quality. The starting point is that DNB can pay out depositors in a timely fashion only if a bank's records contain full and accurate details of deposits and depositors. To ensure this, the percentage of deposits and depositors unsuitable for automated registration due to weaknesses in a bank's record-keeping system should be kept to a minimum so that eligible claims of depositors can be verified.

Section 10

This Section stipulates that banks must have procedures and controls in place that enable them to create single customer views and gather the information to be inserted in these views. One way to meet this requirement is to have in place IT and other controls to manage a bank's record-keeping system and the process of preparing and submitting the information referred to in this Policy Rule. High demands must be placed on the correctness and completeness of the information because the SCV file constitutes the immediate basis for paying compensation to depositors from the Deposit Guarantee Fund.

The bank must assess for itself how it can ensure the correctness and completeness of the information as referred to in Section 10(1) in a way that also meets the requirements of Sections 5 and 6 that deposits and eligible depositors, including any marked specifics, must be capable of immediate identification.

In DNB's opinion, a bank will, by definition, be in compliance with Section 10(1) if it logs the markings and information prescribed by Sections 5 and 6 in its primary record-keeping system (product and customer systems) and ensures that its customer due diligence (CDD) and Know Your Customer (KYC) processes apply the definitions and markings relevant to the DGS both for deposits and depositors.

The bank must assess for itself how it can ensure the correctness and completeness of the information gathered using the SCV system so as to create an SCV file that also meets the guiding principles of Section 3 and the deadline specified in Section 9.

In DNB's opinion, a bank will, by definition, be in compliance with Section (1)(b) if it links its primary record-keeping system (source system) to a (central) SCV system in which all depositors and deposits are entered completely, promptly and correctly. These requirements therefore

Notes structured by Section

guarantee the correctness and completeness of the primary record-keeping system (source system) of a bank and the processing in the SCV file and DGS reporting.

Section 10(3) stipulates that a bank must ensure that the information it provides for DGS purposes is consistent with the information filed for regulatory purposes (FINREP) so as to ensure consistent and robust data submission. These reports do not need to align in all respects, given that the amounts reported are aggregations and each have their own definitions. However, the data must be compiled consistently and from the same sources, even though there will obviously be timing differences between reports. What matters is that the process is consistent and reliable and can be traced back to the same source data.

Section 11

This Section requires a bank to have controls in place that meet the requirements set out in this Policy Rule. It should specifically be noted that

this Section provides a non-exhaustive list. A bank may consider the controls described in this Policy Rule as guidance, and must decide for itself whether controls other than those specified in this Policy Rule may be appropriate.

Section 11(1)(a) requires a bank to have procedures in place to ensure that compliance with the Policy Rule is embedded in the normal operating activities. These may include, for instance, operating procedures that ensure that all business units involved adhere strictly to the procedures and controls referred to in Section 10 and any inaccuracies and exceptions are identified quickly and promptly. These requirements are designed to achieve a multi-level control mechanism, with the strictest controls being incorporated into the normal conduct of business to ensure a high degree of data reliability. Management of the bank's normal operating activities (accounting system) can then focus on avoiding errors ('zero tolerance'). The role of the internal audit (as part of a bank's 'three-lines-of-defence' model) should be aligned

so that compliance with the provisions of the Policy Rule can be monitored. Based on the expected extent of compliance with this Policy Rule, the internal audit's activities can then focus on checking the reliability of the controls in the normal operating activities.

Section 11(2)(b) requires a bank to document the relevant procedures and measures. As well as providing an internal frame of reference, this also provides a basis for the internal auditor's work. The documents containing full details of the controls in the normal operating activities and the work of the internal audit department should be made available promptly, given the work to be performed by the external auditor, as detailed in Section 12.

Section 11(1)(c) addresses how the method of generating the SCV files, or the information specified in Section 4, is to be documented. This allows the internal auditor to conduct an ex-post review of how procedures and controls are applied in practice.

Section 11(1)(d) deals with the role of a bank's internal audit department. Internal audit's work must include at least an annual check of compliance with the provisions of the Policy Rule. The internal audit report must be made available within a reasonable period of time so that it can be taken into account when the activities to be performed, including the extent of such activities, are agreed with the external auditor. The scope of these activities is determined by the provisions of this Policy Rule. The extent of the activities should be determined so that auditors can check compliance with the controls focused on avoiding errors. The internal auditor's report must be sent to DNB as soon as possible after the end of the reporting year and in any event within five months after the end of the reporting year.

Part 5.2 supervision

Supervision by DNB focuses on the correctness and completeness of the SCV files and DGS-related reports submitted by a bank, and on the design and effectiveness of the procedures and

controls a bank has put in place to meet the requirements set out in this Policy Rule, including the internal audit activities, as referred to in Section 11.

Section 12

This Section deals with the role of the external auditor. Subsection 1 states that a bank must instruct an external auditor at least once a year to form an opinion on whether it can be stated with a reasonable degree of certainty that the bank complies with the provisions of this Policy Rule. The audit instructions are based on ISAE 3402. This auditing standard is designed for assessing a service organisation, but is also suitable for applying to the SCV system of a bank. When instructions for an audit engagement are being given, ISAE 3402 can be tailored to focus on management and controls relating to a bank's SCV system in a specific reporting year. The management and controls to be checked under ISAE 3402 derive in principle from the provisions of this Policy Rule. The scope and depth of the audit engagement can be discussed annually

by the bank, the external auditor and DNB. These discussions can also be used to provide information to the external auditor so that the latter can determine the required depth of the engagement. The external auditor also has to be aware of the range of activities performed by the internal auditor and familiar with the internal auditor's reports so that the external auditor can in turn determine the work he needs to perform. The procedures performed by the internal auditor should be regarded as part of the bank's controls, as referred to in Section 11. The external auditor has to check the entire range of controls so as to form an opinion on the risks of the bank failing to comply with the provisions of this Policy Rule.

The annual involvement of the external auditor is important for a variety of reasons, including the need to ensure data quality and also the role assumed by the external auditor during a bankruptcy or insolvency. The external auditor's report must be sent to DNB within five months after the end of the reporting year.

In this way, the auditor focuses primarily on

checking the reliability of procedures and controls. From 1 January 2019, it will no longer be necessary to produce a separate report on the DGS report findings as the correctness and completeness of the reported data will be evidenced by the internal management and controls in the SCV system.

If requested by DNB, a bank must instruct the external auditor to perform an interim audit.

Section 13

The SCV system comprises the entire set of procedures and controls that enable a bank to keep the information required for DGS purposes up-to-date on a continuous basis, to document such information effectively, and to provide DNB with the requested SCV file or any other information from the SCV system in a manner and within a deadline specified by DNB. This Section stipulates that DNB must be notified of any material changes to the SCV system so that it can consider those changes in monitoring

the correctness and completeness of the information to be supplied by a bank. Examples of material changes to the SCV system include the integration with another bank after a merger or acquisition or the transfer of a deposit portfolio, or the introduction of a new IT system to be used for the purposes of the SCV system.

Section 13(2) ensures that the SCV system continues to meet the requirements set out in this Policy Rule after material changes have been made to it by requiring a bank to give DNB advance notice of the material change and to issue a statement after the change has been implemented.

Section 14

This Section stipulates that after becoming a member of the DGS or in the event of a merger or acquisition, a bank must provide DNB with an SCV file within six months of its joining or the merger or acquisition. The activities performed by the internal auditor as part of the 'three-lines-of-

defence' model must start in the first reporting year. This must be followed by the external auditor's report within five months after the end of the first reporting year. Given that, in this situation, the bank (or newly formed bank) will only just have started, the first audit engagement can be based on ISAE 3402 type 1. This means that only the design and existence of controls will be assessed. The audit instructions will be extended to include assessing whether the controls are effective (type 2) a year later, in accordance with the provisions of Section 12(1).

Section 15

This Section addresses DNB's supervisory role in reviewing the quality of the SCV file and control of a bank's SCV system.

Section 15(2) makes clear that, if the assessment provides grounds for doing so, DNB may specify any such additional measures as it may consider necessary. DNB will take additional measures if the SCV file is of poor quality in terms of being

correct and complete, or if control of the SCV system is insufficiently safeguarded. In such cases, DNB will highlight the weaknesses and specify the measures to be taken by the bank and the deadline for implementing them.

Section 15(3) stipulates that DNB may always request information in order to assess the quality of the SCV file. In order to approximate the actual payout situation as closely as possible and to allow DNB to assess the depth, detail and suitability of the SCV file, the SCV file must contain all single customer views. The data delivery will therefore contain the bank's actual production data. A random check or an anonymised SCV file will not suffice. This is necessary in order to ensure that the SCV file is of sufficient quality in the event of the DGS actually having to be activated. The DGS procedures and measures will ensure that data are handled carefully and destroyed after the assessment phase. All the requirements of the Data Protection Act and the measures to prevent data leaks will be complied with in this respect.

Section 15(4) stipulates that DNB may use the

reports prepared by a bank's internal and external auditors in order to assess control of the SCV system.

Chapter 6. Transitional and final provisions

Section 16

The Section describes how a bank must supply details of deposits and depositors during the transitional period, i.e. from the effective date of this Policy Rule until 1 January 2019.

A bank must liaise with DNB to agree on when it should switch to the new method described in this Policy Rule (Section 16(2)(b)). A description of the current method, according to which a bank supplies information per account and DNB creates the SCV, is given in Manual 2.0 published by DNB.

If a bank switches to the new method during the transitional period, it must also be able to supply the data based on the old method until 1 January

2019. DNB will also adapt the payout system during the transitional period.

In its transition plan, a bank will outline the approach and timeframes for switching to the method described in this Policy Rule. In the case of the 2018 reporting year a bank will send DNB its external auditor's report based on ISAE 3402 type 1. During the transitional year of 2018, only the design and existence of controls can be assessed. By the end of 2018, however, a bank must be able to demonstrate that it has an SCV system as described in this Policy Rule. From 2019 onwards, the effectiveness of the controls can also be assessed. From the 2019 reporting year onwards, a bank must provide DNB with a report by its external auditor based on ISAE 3402 type 2.

Amsterdam, the Netherlands, 10 July 2017

De Nederlandsche Bank N.V.

Frank Elderson, Executive Director

Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme

1. General provisions (Section 1.1)
2. Scope (Section 2.1, 2.2)
3. Execution (Section 3.1)
4. Closing provisions (Section 4.1, 4.2).

Notes

Notes structured by Section

De Nederlandsche Bank N.V.'s Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme as referred to in Section 3:259(2) of the Financial Supervision Act (*Beleidsregel reikwijdte en uitvoering depositogarantiestelsel*)

De Nederlandsche Bank N.V.;

Having consulted with representative organisations;

Having regard to Sections 29.02 and 29.06 of the Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees under the Financial Supervision Act (Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft) and Section 26a of the Decree on Prudential Measures under the Financial Supervision Act (Besluit prudentiële maatregelen Wft);

Has decided to adopt the following Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme:

Chapter 1 General Provisions

Section 1.1

In this Policy Rule, the following terms are defined as follows:

1. DNB: De Nederlandsche Bank N.V.;
2. Decides as follows: Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees under the Financial Supervision Act;
3. Wft: Dutch Financial Supervision Act;
4. Professional record-keeping system: the record-keeping system of:
 - a. a financial enterprise as referred to in Section 1:1 of the Act;
 - b. a party exempt from the prohibition as referred to in Section 3:5(1) of the Act;
 - c. a party granted an exemption as referred to in Section 3:5(4) of the Act;
 - d. a curator or liquidator as referred to in Section 383 of Book 1 of the Dutch Civil Code; or
 - e. a curator or liquidator as referred to in Section 68 of the Bankruptcy Act.

5. Date of the decision or ruling resulting in the deposit guarantee scheme being put into operation: the date of the decision by DNB or the judicial ruling to activate the deposit guarantee scheme for a particular bank under Section 3:260(1)(a)(b) of the Act.

Chapter 2 Scope

Part 2.1 Escrow accounts

Section 2.1

The identity of a third-party beneficiary will be considered known before the date of the decision or ruling resulting in the deposit guarantee scheme being put into operation as referred to in Section 29.02(3) of the Decree if the third-party beneficiary's identity is shown in:

- a. the relevant bank's record-keeping system on or before the decision or ruling resulting in the deposit guarantee scheme being put into operation; or
- b. the professional record-keeping system of an account holder, providing this shows that

the deposit was held for the benefit of one or more third-party beneficiaries on the date of the decision or ruling resulting in the deposit guarantee scheme being put into operation.

Section 2.2

DNB will award compensation under the DGS to a third-party beneficiary only if it is or can be demonstrated that the information required by DNB to establish the amount of this beneficiary's claim existed before the date of the decision or ruling resulting in the deposit guarantee scheme being put into operation.

Chapter 3 Execution

Section 3.1

1. DNB applies a sequence of priority to eligible deposits:
 - a. when paying compensation for covered deposits after it has been decided to put the deposit guarantee scheme into operation as referred to in Section 3:26o(1) of the Wft, and

- b. when the actions as referred to in Section 8 of the SCV Policy Rule have to be executed as a result of a resolution action as referred to in Article 18, Single Resolution Mechanism Regulation (SRMR) or Section 3a:18, Wft.
2. If a depositor has more than one deposit at a bank and the eligible amount exceeds the covered level, the sequence of priority determines the order in which eligible deposits are paid out or protected in the event of a resolution action as referred to in subsection 1 of this Article.
3. The sequence of priority as referred to above is as follows:
 - a. current accounts;
 - b. savings accounts;
 - c. term deposits;
 - d. special accounts.

Chapter 4 Closing provisions

Article 4.1

This Policy Rule takes effect on the date on which it is published in the Government Gazette (*Staatscourant*).

Article 4.2

This Policy Rule is cited as the Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme.

The Policy Rule will be published, together with the notes, in the Government Gazette (*Staatscourant*).

Amsterdam, the Netherlands, 10 July 2017

De Nederlandsche Bank N.V.

F. Elderson, Executive Director

Notes

General

Under the Deposit Guarantee Scheme, deposits are covered up to EUR 100,000 per depositor per bank. Section 29.02(3) of the Bbpm extends protection to a third-party beneficiary if a depositor holds a deposit in his own name, but does so for the benefit of another party under a contract or statutory requirement. The third-party beneficiary will be treated as the depositor, provided the beneficiary's identity can be established before the date of the decision or ruling resulting in the deposit guarantee scheme being put into operation

The notes to Section 29.01 of the Bbpm give the example of an escrow account held in the name of a civil-law notary. If a third-party beneficiary who is not the account holder is treated as the depositor, the following applies: the maximum of EUR 100,000 applies to the aggregate funds held by a beneficiary, both as a beneficiary and as an account holder. The worked example below is based on a special-purpose account held by a

notary. Such an account holds a single balance that accrues to the joint beneficiaries. Each beneficiary receives a pro rata share, calculated on the basis of the amount credited to the special-purpose account for each beneficiary.

Worked example: person A owns EUR 50,000 of the balance on a notary's special-purpose account held with bank X. Person A also holds EUR 60,000 in a savings account with bank X. So person A is owed (directly and indirectly) a total of EUR 110,000 by bank X. As the DGS will pay out a maximum of only EUR 100,000, an amount of EUR 10,000 will not be paid out. Person A will then have a claim against bank X for this amount. The amount that DNB will compensate first is the amount the beneficiary is owed by the bank as an account holder, not as a third-party beneficiary. The rationale is that this amount must be paid out within a time period that is being gradually reduced to seven business days over the next few years. By contrast, the period for awarding and paying compensation to a third-party beneficiary rather than an

account holder is three months (Section 29.05(4), Bbpm).

In order to be eligible for compensation under the DGS, it first has to be established that a product is a deposit and that it is eligible for a payout. In the case of an account held for a third-party beneficiary, the bank's records must show that the deposit is held for a third party. This information is included in the SCV information compiled by the bank. The identity of the third-party beneficiary must also be evidenced in the bank's records.

The notes to Section 29.02 Bbpm require the third-party beneficiary's identity to be known before the DGS can be put into operation. This would seem to refer to Section 29.06(1) of the Bbpm, which states that compensation is payable on the basis of the statutory provisions or contractual conditions applying to covered deposits or the accounting records and other relevant documents of the bank that is unable to make payment. According to the notes underlying

this Section, DNB's decision on claims by relevant depositors will be based on the failing bank's records. This shows that a third-party beneficiary can make a claim under the DGS only if the claim can be substantiated with information existing before the DGS was put into operation.

However, the identity of the third-party beneficiary is not always entered in the bank's records. This is why the Policy Rule on the Scope and Execution of the Deposit Guarantee Scheme has introduced the concept of a 'professional record-keeping system', in which the identity of the third-party beneficiary is evident from the records held for certain account holders. In this Policy Rule DNB states how it will interpret the above basic principles.

Notes structured by Section

Chapter 1 general provisions

Section 1.1

This Section provides a number of definitions relevant to this Policy Rule. As mentioned in the general part of the notes, deposits held for a third party are covered only if the third party's identity can be established before the DGS is put into operation. In addition, compensation is awarded on the basis of, for example, the accounting records and other relevant documents of a bank unable to make payment. Not all third-party beneficiaries will be included in the accounting records of a bank unable to make payment; this could include clients of a notary who are entitled to the balance on a special-purpose account held by the notary. At the same time, not all documents can be considered relevant for the purposes of determining compensation. DNB's view is that only reliable documents and that were already in existence before the DGS was put into operation can be considered relevant.

This is why the Policy Rule introduces the definition of a professional record-keeping system. Such a system provides a reliable way to determine accounts' ultimate beneficiaries. Enterprises that are under some form of supervision are considered to have a professional record-keeping system.

The definition refers firstly to Section 1:1 of the Financial Supervision Act (*Wet op het Financieel Toezicht or Wft*) ('the Act'), with the result that the accounting records of financial enterprises qualify as professional record-keeping systems. Secondly it refers to Section 3:5(3) of the Act, which prohibits anyone from publicly inviting or obtaining repayable funds or having such funds at their disposal. The Exemptions Regulation under the Financial Supervision Act exempts certain enterprises holding funds on behalf of customers from this prohibition, including notaries holding repayable funds on an account as provided for in Section 25 of the Civil-Law Notaries Act (*Wet op het notarisambt*). To ensure a consistent and clear framework, DNB follows this system of

Notes structured by Section

exemptions to determine when a record-keeping system is considered to be sufficiently reliable to establish the identity of the beneficiary of a deposit if the DGS is put into operation. Lastly the definition of professional record-keeping systems refers to Section 3:5(4) of the Act, where the accounting records of financial institutions exempt from the prohibition on publicly obtaining repayable funds also qualify as professional record-keeping systems.

Other examples of parties operating a professional record-keeping system include banks, payment service providers, court bailiffs, liquidators/curators and administrators. An account held for third-party beneficiaries by a liquidator is an example of a liquidation account. The liquidator is appointed by the District Court to act on behalf of an underlying third party (i.e. the insolvent enterprise). In that case, the liquidator records the name of the third party in the records. As a result, the liquidator can be regarded as operating a professional record-keeping system.

With regard to the definition of a professional record-keeping system, it should be emphasised that if an account holder holds a deposit for a third party, the third party is the depositor and entitled to compensation under the DGS. Via the term 'financial enterprise' banks are also regarded as having a 'professional record-keeping system'. However, banks with an entitlement to a deposit are not eligible for the DGS (Section 29.01(2)(a) Bbpm).

Worked example: If a bank holds an account for clients and these third parties can be identified before the date on which the decision or ruling resulting in the DGS being put into operation, these clients are the party entitled to a payout under the DGS. If, however, a bank holds a deposit in its own name and for its own account, the bank will not be eligible to have this deposit paid out under the DGS.

It should be noted that Section 29.01 Bbpm excludes deposits held by certain depositors, specifically investment firms and institutions,

for example. However, deposits held by such financial enterprises for a third party do not belong to the enterprise, but instead to the relevant third party. Providing it is held for one or more third parties, the relevant deposit is therefore covered by the DGS.

Chapter 2 Scope

Part 2.1 Funds held for third parties

Section 2.1

DNB states in Section 2.1 of the Policy Rule that a payout under the DSG is conditional upon the identity of a third-party beneficiary being evidenced in the bank's records on the date of the decision or ruling resulting in the deposit guarantee scheme being put into operation. An exception to this rule is when the bank does not know a third party's identity, but this identity is evidenced in certain account holders' records. This is why the term 'professional record-keeping system' has been included and defined in this Policy Rule.

As provided for in Section 2.1(b) of this Policy Rule, deposits of third parties whose identity is not evidenced in advance in the bank's records, but is evidenced in the professional record-keeping systems of certain account holders are covered by the DGS. This is subject to the condition that the

bank's records show beforehand that the deposit is held for one or more third parties (this can be shown by, for example, the name in which the account is held).

The DGS Directive (Directive 2014/49/EU) of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (recast) ('the Directive') allows Member States to stipulate that deposits in an account to which two or more persons are entitled as members of a group without legal personality may be treated as if made by a single depositor (Article 7(2) of the Directive). The Netherlands has not availed itself of this option allowed to Member States. Under Dutch law, this would refer to partnership firms such as general and limited partnerships. A mutual fund is also an example of a group without legal personality. It is important to note that an account holder without legal personality does not have legal entitlement to the deposit. In such cases, it is the persons who are members of the group who have legal entitlement to the deposit.

In the above situations, the deposit is held for the benefit of a third-party beneficiary even though the deposit is registered in the name of a group. If this is based on a contract or statutory requirement – which will usually be the case – and the third-party beneficiary's identity can be established as referred to in Section 2.1 of this Policy Rule, the deposit should be allocated proportionally to the beneficiary or beneficiaries. The above means that a person who is a member of the said group can claim compensation for a portion of the deposit held by that group if the DGS is put into operation for the bank in question. This is subject to the condition that the bank where the funds are deposited must have registered the beneficiaries of the funds in its records in some way or other. This could be by means of a copy of the document recording the group's formation. In all cases, the identity of the beneficiaries needs to be established unambiguously.

Section 2.2

It follows from Section 2.2 of this Policy Rule that DNB takes the view that the amount of the claim must also be shown in information that existed before the date of the decision or ruling resulting in the DGS being put into operation.

Chapter 3 Execution

Section 3.1

This Section deals with the situation in which a depositor has more than one deposit in combination with an eligible amount that exceeds the coverage provided by the DGS. In such cases, both in the event of a payout and in the event of resolution, the sequence in which to execute the payout and the resolution has to be determined. If, say, a depositor has a current account with a credit balance of EUR 40,000 and a savings account with a balance of EUR 80,000 when the DGS is put into operation, the depositor will receive a payout of EUR 100,000 and have a residual claim of EUR 20,000 on the failed institution. Whether this claim results from the current account, the savings account or a pro rata combination of the two is relevant. In order to clarify how the scheme is to be executed (i.e. how a payout under the DGS is made in resolution), the Section 3.1(3) specifies the sequence in which eligible deposits must be dealt with. Current accounts have the highest priority,

followed by savings accounts, term deposits and special accounts. The extent of their liquidity consequently determines the priority; this is designed to ensure access to means of payment, insofar as possible.

In the above example, this implies, therefore, that the protective effect of the DGS extends firstly to the current account and only afterwards to the savings account. This means that the depositor's residual claim of EUR 20,000 would relate to the savings account, given that the credit balance of EUR 80,000 would be fully compensated under the DGS.

Closing comments

Finally, the comments set out below should be taken into account in order to ensure this Policy Rule is properly understood.

With regard to the scope of the term 'third-party beneficiary', the following should be noted. The sole fact that an account holder encumbers a deposit with a security interest, such as a

pledge, does not mean that the account holder is holding the deposit on behalf of the pledgee for the purposes of Section 29.02(3) of the Decree. The same applies if seizure has been levied on all or part of a deposit. The deposit in question will clearly be included in calculating the account holder's aggregate covered deposits. However, the question of who will be entitled to a payout under the DGS will be affected by the provisions in civil law.

Under the Directive, the maximum legal time frame within which payouts under the DGS have to be made available, will be reduced in steps. DNB has drawn up the SCV Policy Rule in order to enable payouts to be made within the reduced time frame. This Policy Rule outlines how a bank has to deal with deposits held for third parties. In order to avoid creating an unreasonable workload, the two policy rules disregard the fact that it follows from the Regulation on Statements of Financial Institutions that banks are not required to take account of the extent to which a deposit is held for third parties.

Lastly, DNB would point out that a third-party beneficiary can itself take action to ensure that compensation due under the DGS is actually received. This can be inferred from Section 29.07(1) Bbpm, which essentially enables 'depositors' to arrange for compensation awarded and made available to be paid out. As previously explained, if a deposit is held on behalf of a third-party beneficiary, the beneficiary is treated as the depositor. Section 29.05(4) of the Decree also stipulates that compensation payable to a third-party beneficiary must be paid out within three months.

Amsterdam, the Netherlands, 10 July 2017

De Nederlandsche Bank N.V.

F. Elderson, Executive Director

Amendment to Regulation on Statements of Financial Institutions under Financial Supervision Act 2011

Amendment to the Regulation on Statements of Financial Institutions under the Financial Supervision Act 2011 (*Regeling staten financiële ondernemingen Wft 2011*) in connection with the implementation of the deposit guarantee scheme

De Nederlandsche Bank N.V.;

Having regard to Section 131 of the Decree on Prudential Rules for Financial Institutions 2011 (Besluit prudentiële regels Wft 2011);

Decides as follows:

Section I

The Regulation on Statements of Financial Institutions under the Financial Supervision Act 2011 is amended to read as follows:

A

The following provision is added to Section 2:1(1), with the full stop at the end of (g) being replaced by a semicolon:

h. a bank as referred to in Section 130(1), opening words, of the Decree other than a bank that has no authorisation as provided in Section 2:11 of the Act, as included in Appendix 15 to this Regulation.

B

The following provision is added after Section 2:2(12):

13. A bank as referred to in Section 130(1) of the Decree, other than a bank that has no authorisation as provided in Section 2:11 of the Act, must file the statements referred to in Section 130(1)(d) of the Decree with DNB as frequently and within the deadlines as specified in Appendix 6.6 to this Regulation.

C

The following table is added to Appendix 6:
 6.6 Banks in the Netherlands other than banks that have no authorisation as provided in Section 2:11 of the Financial Supervision Act (DGS banks)

Statement	Frequency	Filing deadline
Liabilities eligible under the DGS – separate	Every calendar quarter	No later than 12 May, 11 August, 11 November and 11 February or, if this is a Saturday, Sunday or public holiday, the next business day.
Liabilities eligible under the DGS – consolidated	Every calendar quarter	No later than 12 May, 11 August, 11 November and 11 February or, if this is a Saturday, Sunday or public holiday, the next business day.
Appendix showing accounts and amounts per EEA branch office	Every calendar year	No later than the last business day of the month following the reporting period.

D

The following appendix consisting of three tables and notes is inserted after Appendix 14:

A

Liabilities eligible under deposit guarantee scheme (DGS) - solo

	Number of accounts (in units) ⁸			Amounts in thousands of euros					09
	01	02	03	04	05	06	07	08	
	Number of accounts with Dutch branches	Number of accounts with EEA branches	Total number of accounts	Through Dutch branches	Through EEA branches	Total through Dutch and EEA branches (04+05)	Foreign subsidiaries and non-EEA branches	Total (06+07)	Covered deposits as shown in bank's records ⁹
001	Deposits (other than from credit institutions) ¹							V	
002	of which through Dutch branches and EEA branches respectively ²	V	V	B	V	V	B		V
Creditors by legal status									
003	- government authorities	V	V	B	V	V	B		V
004	- other financial corporations ³	V	V	B	V	V	B		V
005	- corporate customers other than financial corporations	V	V	B	V	V	B		V
006	- retail customers	V	V	B	V	V	B		V
007	Total of lines 003 to 006 (equal to line 001a column 08)	B	B	B	B	B	B	V	B
008	of which bank savings deposits for private residential property ⁴	V	V	B	V	V	B		
010	Total eligible under DGS as shown in this statement (005+006-008)	B	B	B	B	B	B		
Total eligible under DGS by account balance (010) and type of account ⁵									
017	of which ≤ EUR 100,000	V	V	B	V	V	B		
018	EUR 100,000 - EUR 200,000 (accounts held by one beneficiary)	V	V	B	V	V	B		
019	EUR 100,000 - EUR 200,000 (joint accounts and other accounts) ⁶	V	V	B	V	V	B		
020	≥ EUR 200,000 (accounts held by one beneficiary)	V	V	B	V	V	B		
021	≥ EUR 200,000 (joint accounts and other accounts)	V	V	B	V	V	B		
022	Total of lines 017 to 021 ⁷	B	B	B	B	B	B		
100	Total covered deposits based on number of deposits and account balances ¹⁰						B		

B

Liabilities eligible under deposit guarantee scheme (DGS) - consolidated

	Number of accounts (in units) ⁸			Amounts in thousands of euros					09
	01	02	03	04	05	06	07	08	
	Number of accounts with Dutch branches	Number of accounts with EEA branches	Total number of accounts	Through Dutch branches	Through EEA branches	Total through Dutch and EEA branches (04+05)	Foreign subsidiaries and non-EEA branches	Total (06+07)	Covered deposits as shown in bank's records ⁹
001	Deposits (other than from credit institutions) ¹							V	
002	of which through Dutch branches and EEA branches respectively ²	V	V	B	V	V	B		V
Creditors by legal status									
003	- government authorities	V	V	B	V	V	B		V
004	- other financial corporations ³	V	V	B	V	V	B		V
005	- corporate customers other than financial corporations	V	V	B	V	V	B		V
006	- retail customers	V	V	B	V	V	B		V
007	Total of lines 003 to 006 (equal to line 001a column 08)	B	B	B	B	B	B	V	B
008	of which bank savings deposits for private residential property ⁴	V	V	B	V	V	B		
010	Total eligible under DGS as shown in this statement (005+006-008)	B	B	B	B	B	B		
Total eligible under DGS by account balance (010) and type of account ⁵									
017	of which ≤ EUR 100,000	V	V	B	V	V	B		
018	EUR 100,000 - EUR 200,000 (accounts held by one beneficiary)	V	V	B	V	V	B		
019	EUR 100,000 - EUR 200,000 (joint accounts and other accounts) ⁶	V	V	B	V	V	B		
020	≥ EUR 200,000 (accounts held by one beneficiary)	V	V	B	V	V	B		
021	≥ EUR 200,000 (joint accounts and other accounts)	V	V	B	V	V	B		
022	Total of lines 017 to 021 ⁷	B	B	B	B	B	B		
100	Total covered deposits based on number of deposits and account balances ¹⁰						B		

Notes to Tables A and B

- These reports contain a list of deposits as defined in the Wft, Part 1.1.1., Section 1:1, irrespective of whether and to what extent liabilities and clients are or are not eligible for the DGS and are covered after the DGS is activated.
- They do not include deposits held at the central bank, interbank deposits and deposits held at foreign subsidiaries or a branch in a state that is not an EEA Member State (column 07 is not filled in).
- Any balances in currencies other than the euro must be converted at the reference rates published by the ECB on the final day of the reporting period.
- All fields marked (v) are to be completed. The blue fields will be calculated (b).

1) The following liabilities shown in FINREP Table 08.01.a. serve as a basis: line 050 -/- 060 -/- 160 (for columns 010 + 020 + 030)

- 2) Liabilities (numbers and balances) assumed through Dutch-based branches/offices (column 01 and 04), including through the provision of cross-border services, and liabilities assumed through branches located in an EEA country (column 02 and 05).
- 3) 'Other financial firms' refers to financial firms within the meaning of Section 1:1 of the Wft other than credit institutions.
- 4) These are bank savings deposits relating to a private residential property to the extent that they are offset against a corresponding property loan, as provided in Section 3:265d of the Wft. These deposits are not covered under the deposit guarantee scheme, in accordance with Section 29.01(2)(e) of the Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees under the Financial Supervision Act (*Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft*).
- 5) Account balances must be entered on a single line only. Worked example: if an account

holds EUR 110,000, an amount of 110 must be reported on line 018 or 019, rather than 100 on line 017 and 10 on line 018 or 019.

- 6) 'Other accounts' refers to all other accounts that have more than one beneficiary.
- 7) The amounts shown on lines 007 and 022 must be the same and comprise both corporate and retail customers.
- 8) The number of accounts (in units) held with Dutch-based offices/branches must be reported in column 01, and the number of accounts (in units) held with EEA branch offices in column 02, with the related balances to be reported in columns 04 and 05. If an individual account holder holds multiple accounts, neither the number of accounts per account holder nor the balances in those accounts must be aggregated. Worked example: an account holder has three accounts with a balance of EUR 30,000, EUR 60,000, and EUR 120,000 respectively. You must enter the account holding EUR 30,000 in funds and the account holding

EUR 60,000 in funds on line 017 (balances of up to EUR 100,000) and enter the number of accounts, i.e. 2, on the same line in column 01 or 02. The account holding EUR 120,000 in funds must be reported on the line for balances > EUR 100,000, with the number of accounts, i.e. 1, being entered in column 01 or 02.

- 9) This represents the aggregate covered amount per depositor, as shown in the Single Customer View.
- 10) This is an estimate of the total extent of covered deposits on the basis of the numbers of deposits and balances, without taking account of depositors with more than one account.

C

Accounts and amounts by EEA branch Liabilities eligible under deposit guarantee scheme (DGS)

	Number of accounts in units ²					Amounts in thousands of euros				
	o1	o2	o3	o4	o5	o6	o7	o8	o9	o10
	Number of accounts with EEA branch in country A Name of country: Name of branch:	Number of accounts with EEA branch in country B Name of country: Name of branch:	Number of accounts with EEA branch in country C Name of country: Name of branch:	Number of accounts with EEA branch in country Z Name of country: Name of branch:	Total number of accounts with EEA branches	EEA branch in country A	EEA branch in country B	EEA branch in country C	EEA branch in country ... Z	Total through EEA branches
By legal status of creditors										
005 - corporate customers other than financial corporations	V	V	V	V	B	V	V	V	V	B
006 - retail customers	V	V	V	V	B	V	V	V	V	B
007 Total eligible under DGS as shown in this statement (005+006)	B	B	B	B	B	B	B	B	B	B
By account balance and account type										
017 of which ≤ EUR 100,000	V	V	V	V	B	V	V	V	V	B
018 EUR 100,000 - EUR 200,000 (accounts held by one beneficiary)	V	V	V	V	B	V	V	V	V	B
019 EUR 100,000 - EUR 200,000 (joint accounts and other accounts) ⁵	V	V	V	V	B	V	V	V	V	B
020 ≥ EUR 200,000 (accounts held by one beneficiary)	V	V	V	V	B	V	V	V	V	B
021 ≥ EUR 200,000 (joint accounts and other accounts)	V	V	V	V	B	V	V	V	V	B
022 Total of lines 017 to 021 ¹	B	B	B	B	B	B	B	B	B	B

E

Table A in Appendix 7 (Banks and clearing institutions as referred to in Section 3:72(1) of the Act and branches as referred to in Sections 3:75, 3:77 or 3:82 of the Act) is amended as follows.

- a. In the line Financial information as referred to in Article 99 CRR and as detailed in Annex III of the technical execution standard for EBA reporting pursuant to Article 99(5) CRR, 'No' in the final column should be replaced by 'N/A'.
- b. In the line Losses resulting from exposure for which an entity has provided real estate as security, as referred to in Article 101 CRR and as detailed in Annex VI of the technical execution standard for EBA reporting, 'Yes' should consistently be replaced by 'No'.
- c. In the line Liquidity reporting as referred to in Article 415 CRR and as detailed in Annex XII of the technical execution standard for EBA reporting, 'N/A' in the final column should be replaced by 'No'.
- d. In line 8017, 'No' in the final column should be replaced by 'N/A'.

- e. The following line should be inserted after line 8017:

8028	No	No
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Section II

This Regulation will come into effect on 1 January 2018, subject to the proviso that column 9 in table A and B, as shown in Section I, part D, is not required to be completed until 1 January 2019. This Regulation, together with the notes, will be published in the Government Gazette (*Staatscourant*).

Amsterdam, the Netherlands, 10 July 2017

De Nederlandsche Bank N.V.

F. Elderson, Executive Director

Note

Banks are required to provide DNB with information about the deposits that are covered under the deposit guarantee scheme (Section 130(1)(d) of the Decree on Prudential Rules for Financial Institutions (Besluit prudentiële regels Wft – Bpr). They must supply this information in a statement format. This amendment to the Regulation gives effect to banks' obligation to supply quarterly information for the purposes of the DGS.

The Bpr also allows DNB to issue rules with regard to those statements. These rules may cover data formats and the deadlines by which and frequencies with which statements must be filed. These procedural rules are set out in the statement format shown in Appendix 15 to the Regulation on Statements of Financial Institutions under the Financial Supervision Act 2011 (*Regeling staten financiële ondernemingen Wft 2011 – Rsfo*), which is added to the Regulation pursuant to this amendment. One of the purposes of this statement format is to allow

a bank's deposit base to be used to calculate the levies the bank is to pay into the Deposit Guarantee Fund on a quarterly basis.

The newly added Sections 2.1(1)(h) and 2.2(13) of the Rsfo refer to banks with the exception of banks which have no authorisation as provided in Section 2:11 Wft. This can be explained as follows. The definition of a 'bank' given in Section 1:1 of the Wft implies that a holder of authorisation as referred to in Section 3:4 of the Wft is equated to a bank. This 'opt-in' bank, although registered in the Netherlands, has no authorisation as provided in Section 2:11 Wft. It can be inferred from Section 3:258(1)(a) of the Wft that the DGS only applies to banks registered in the Netherlands that have authorisation as provided in Section 2:11 of the Wft. Accordingly, this reporting obligation only applies to banks registered in the Netherlands that have authorisation as provided in Section 2:11 of the Wft.

The reporting is linked to the information that banks are required to submit under Section 26a(2) of the Bpr. This information is necessary in order to operate the DGS. Under Section 26a(1) of the Bpr, a bank must have procedures and controls in place to ensure that this information is continually updated and adequately documented. The information must be submitted at DNB's request in a manner and within a time period specified by DNB. How DNB makes these requests is described in the Single Customer View Policy Rule (the 'Policy Rule'). The Policy Rule is based on the guiding principle that banks falling within the scope of the DGS must be able at any time to compile and submit a summary of all deposits held by each depositor, including information in accordance with the data model prescribed by DNB. This summary is known as a Single Customer View (SCV). DNB requires banks to submit these SCVs periodically, as specified in the Policy Rule.

This Regulation deals with the reporting of deposits covered under the DGS. This is intended

mainly to be able to calculate the deposit base (the sum total of covered deposits held with a bank). The link between the Policy Rule and this Regulation is that the deposit base should logically follow from the sum total of individual deposits held with a bank to the extent covered under the DGS. A further analysis of each depositor in an SCV is required because the DGS guarantees a maximum of EUR 100,000 per depositor. If a depositor holds funds in excess of EUR 100,000, the part of the aggregate amount in excess of EUR 100,000 does not count towards the bank's deposit base.

Because the reporting is based directly on the customer data stored on the bank's source systems, the accuracy and reliability of this data will be very high, that is to say, of a level comparable to the accuracy and reliability commonly exercised for customers' bank statements. As the Policy Rule makes clear, a bank's customer data must provide a fair view so that DNB can pay compensation within a short time if the DGS is activated for the bank.

The DGS statement format is not included in the list of statements reviewed by the auditor (Appendix 7 to the Regulation), the reason being, as shown in the Policy Rule, that updating the information necessary to administer the DGS and documenting this information adequately will involve instructing an external auditor to review compliance with the requirements set out in the Policy Rule at least once a year. This review will also look at the correctness of the data entered in the quarterly reports. A separate review of this data would therefore be unnecessary.

DNB would note that, in terms of the treatment of customer data, there are differences in compliance between the Policy Rule and this Regulation. Firstly, the Policy Rule provides – briefly put – that customer data entered in the source systems must be marked if, for example, it cannot be established for certain that a customer is eligible under the DGS, such as when a customer seems to qualify as a government body, but the bank is unable to confirm this with certainty, despite DNB's qualification guidelines.

Markings of this kind are also made at the level of deposits in the bank's records. Deposits and depositors of deposits marked in this way must be included fully in this report.

Secondly, it will not be possible in all cases to include deposits held by an account holder on behalf of a beneficiary in the beneficiary-depositor's SCV. This concerns the situation referred to in Section 29.02(3) of the Bbpm. An example in point is a depositor who is one of the beneficiaries of an escrow account operated by a civil-law notary. As DNB explains in its Policy Rule on the implementation of the deposit guarantee scheme, the depositor would be able to claim compensation under the DGS, even if its identity is not clear from the bank's records, provided that the account is registered to an account holder with a professional record-keeping system. Banks do not therefore have to consider whether a deposit is held on behalf of a beneficiary in order to comply with this Regulation. That said, the bank's customer data will need to show that the balance on this type

of account is held for the benefit of one or more third-party beneficiaries, in line with the SCV Policy Rule. If a bank, in its reporting, does not allow for this nuance, the full balance in the account must be reported as included in the bank's deposit base.

The following should be noted with regard to the date on which the Regulation comes into effect. Section II states that the Regulation will come into effect on 1 January 2018. This means that reporting must be in accordance with the amended Regulation for the period ending on 31 December 2017.

Lastly it should be noted that a number of omissions in Appendix 7 have been corrected.

Amsterdam, the Netherlands, 10 July 2017

De Nederlandsche Bank N.V.

F. Elderson, Executive Director

Worked example

This appendix provides a worked example of how a bank, in this case the fictitious ABC Bank, should deal with markings for the different purposes for which the SCV is used.

In the example, ABC Bank has 14 customers and 30 accounts . Most customers have multiple accounts, as shown in the (simplified) Single Customer View. The customers and their products have different characteristics, as expressed by the markings which a bank is required to make under the SCV Policy Rule.

On the basis of these markings, a bank will calculate the covered amount for each depositor in accordance with the various rules that govern the calculation of (i) the deposit base (from which the quarterly levies are derived) and (ii) the amounts of compensation to be paid, automatically or otherwise .

The example clarifies how the markings are to be used in the different reports. Customer 7, for example, will see the full amount held in the escrow account (EUR 230,000) registered to his name included in the deposit base for the purpose of calculating the quarterly levies. At the same time, it cannot be inferred from the bank's records who the underlying beneficiaries are. This deposit does not allow for automatic payout, and hence the account balance will not count towards calculating the eligible and covered amounts as requested in preparation of DGS payout or resolution.

The example report shows ABC Bank's report based on the simplified SCV file.

⁵ This is a simplified SCV; not all data fields have been included.

⁶ Section 4(3) of the Single Customer View Policy Rule.

⁷ Section 4(2) of the Single Customer View Policy Rule.

ABC Bank's single customer views

Data in SCV file											Information derived from SCV file data				
SCV-ID	Depositor	Country/branch	Customer identified unambiguously	Type of depositor	Customer is eligible	Client is deceased	Product (deposit)	Product type	Product is eligible	Blocked	Balance (including interest)	Covered amount in accordance with quarterly report	Automatic processing of DGS payout	Manual processing of DGS payout	Note
o1	Customer 1	NL	Yes	Government authority	No	Na	Account 1 Account 2	Current account Savings account	Na Na		200,000 30,000 230,000	0	0	0	Government bodies are not eligible under DGS
o2	Customer 2	NL	Yes	Government authority	No	Na	Account 3	Current account	Na		45,000	0	0	0	Government bodies are not eligible under DGS
o3	Customer 3	NL	Yes	Financial corporation	No	Na	Account 4 Account 5	Current account Fixed-term deposit	Na Na		400,000 35,000 435,000	0	0	0	Financial corporations are not eligible under DGS
o4	Customer 4	NL	Yes	Financial corporation	No	Na	Account 6 Account 7 Account 8	Current account Savings account Fixed-term deposit	Na Na Na		10,000 240,000 20,000 270,000	0	0	0	Financial corporations are not eligible under DGS
o5	Customer 5	NL	Yes	Corporate customer	Yes	Na	Account 9 Account 10	Current account Current account	Yes Yes		30,000 40,000 70,000	70,000	70,000	0	
o6	Customer 6	NL	Yes	Corporate customer	Doubt	Na	Account 11 Account 12	Savings account Fixed-term deposit	Yes Yes		20,000 300,000 320,000	100,000	0	100,000	Doubt as to whether customer is eligible, but amount is shown in quarterly report
o7	Customer 7	NL	Yes	Corporate customer	Yes	Na	Account 13	Escrow account	Yes		140,000	140,000	0	140,000	Escrow account to be shown fully in quarterly report
o8	Customer 8	DU	Yes	Corporate customer	Yes	Na	Account 14 Account 15 Account 16	Current account Savings account Savings account	Yes Yes Yes		30,000 1,000 15,000 46,000	46,000	46,000	0	Customer through EEA branch
o9	Customer 9	NL	No	Retail customer	Yes	No	Account 17	Current account	Yes		10,000	10,000	0	10,000	Doubt about unambiguous identification, but amount is shown in quarterly report
o10	Customer 10	NL	Yes	Retail customer	Yes	No	Account 18 Account 19 Account 20	Current account Savings account Other fiscal accounts	Yes Yes Doubt		-500 2,000 10,000 11,500	12,000	2,000	10,000	Negative balance is debt and will not be settled with DGS compensation Doubt as to whether deposit is eligible, but amount is shown in quarterly report

ABC Bank's single customer views

Data in SCV file												Information derived from SCV file data			
SCV-ID	Depositor	Country/ branch	Customer identified unambiguously	Type of depositor	Customer is eligible	Client is deceased	Product (deposit)	Product type	Product is eligible	Blocked	Balance (including interest)	Covered amount in accordance with quarterly report	Automatic processing of DGS payout	Manual processing of DGS payout	Note
11	Customer 11	NL	Yes	Retail customer	Yes	No	Account 21 Account 22 Account 23	Current account Savings account Other fiscal accounts	Yes Yes Yes		10,000 20,000 300 <u>30,300</u>	<u>30,300</u>	<u>30,300</u>	<u>0</u>	Correct SCV, no special comments
12	Customer 12	NL	Yes	Retail customer	Yes	No	Account 24 Account 25 Account 26	Current account Current account Savings account	Yes Yes Yes	Yes	30,000 3,000 15,000 <u>48,000</u>	<u>48,000</u>	<u>18,000</u>	<u>30,000</u>	Blocked account is shown in quarterly report
13	Customer 13	BE	Yes	Retail customer	Yes	Yes	Account 27 Account 28	Savings account Savings account	Yes Yes		5,000 300 <u>5,300</u>	<u>5,300</u>	<u>5,300</u>	<u>0</u>	Customer is deceased, amount is shown in quarterly report. Customer through EEA branch
14	Customer 14	NL	Yes	Retail customer	Yes	No	Account 29 Account 30	Savings account Bank savings deposit for private residential property	Yes No		5,000 150,000 <u>155,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>	Account 30 is a bank savings deposit for private residential property
Total amount											1,816,100	466,600	176,600	290,000	

Liabilities eligible under deposit guarantee scheme (DGS)

		Number of accounts (in units) ⁸			Amounts in thousands of euros					
		01	02	03	04	05	06	07	08	09
		Number of accounts with Dutch branches	Number of accounts with EEA branches	Total number of accounts	Through Dutch branches	Through EEA branches	Total through Dutch and EEA branches (04+05)	Foreign subsidiaries and non-EEA branches	Total (06+07)	Covered deposits as shown in bank's records ⁹
001	Deposits (other than from credit institutions) ¹								1,816,100	
002	of which through Dutch branches and EEA branches respectively ²	28	2	30	1,764,800	51,300	1,816,100			
Creditors by legal status										
003	- government authorities	3	0	3	275,000	0	275,000			0
004	- other financial corporations ³	5	0	5	705,000	0	705,000			0
005	- corporate customers other than financial corporations	5	3	8	530,000	46,000	576,000			356,000
006	- retail customers	12	2	14	254,800	5,300	260,100			110,600
007	Total of lines 003 to 006 (equal to line 001a column 08)	25	5	30	1,764,800	51,300	1,816,100		1,816,100	466,600
008	of which bank savings deposits for private residential property	1	0	1	150,000	0	150,000			
010	Total eligible under DGS as shown in this statement (005+006-008) ⁴	16	5	21	634,800	51,300	686,100			
Total eligible under DGS by account balance (010) and type of account ⁵										
017	of which ≤ EUR 100,000	14	5	19	194,800	51,300	246,100			
018	EUR 100,000 - EUR 200,000 (accounts held by one beneficiary)	0	0	0	0	0	0			
019	EUR 100,000 - EUR 200,000 (joint accounts and other accounts) ⁶	1	0	1	140,000	0	140,000			
020	≥ EUR 200,000 (accounts held by one beneficiary)	1	0	1	300,000	0	300,000			
021	≥ EUR 200,000 (joint accounts and other accounts)	0	0	0	0	0	0			
022	Total of lines 017 to 021 ⁷	16	5	21	634,800	51,300	686,100			
100	Total covered deposits based on number of deposits and account balances ¹⁰						486,100			

Consistency between SCV file and quarterly reports

Guiding principles

- A bank must create the SCV file using an SCV system. The SCV system must be linked to the bank's source systems (see the requirements relating to record-keeping, processes and systems in Chapter 5 of the Single Customer View Policy Rule).
- The SCV file must contain all SCVs, including those of depositors ineligible for the DGS (see Section 2 of the Single Customer View Policy Rule). The SCV file must contain the required data of all depositors and their deposits (accounts) with their balances and the interest accrued but not yet credited as at the reference date (under Section 29.06(2) Bbpm).
- The SCV file must contain the markings required for each SCV. These are important for processing in quarterly reports and in an actual payout situation.

- The SCV file also includes a statement from the country in which the deposits are held (if they are held at a branch in an EEA Member State).
- The SCV file must also indicate the country where the deposits are held (branch established in the EEA).

The following rules apply, subject to the EUR 100,000 maximum per SCV, for calculating the amount of the covered deposits for quarterly reporting purposes, i.e. the deposit base referred to in Section 29.16(1) of the Bbpm:

- Deposits held by depositors (customers) whose identities cannot be established with a high degree of reliability must be included;
- Deposits held by depositors (customers) where it is uncertain whether they are eligible for the DGS must be included;
- Deposits held by depositors (customers) who have died must be included;
- Deposits (products) where it is uncertain whether they are eligible for the DGS must be included;

- Deposits with the following markings (blockings) must be included:
 - deposits arising from transactions where there has been a criminal conviction for money laundering, as referred to in Section 29.01(2) of the Bbpm;
 - deposits that are the subject of a legal dispute, as referred to in Article 8(5)(a) of the DGS Directive;
 - deposits that are subject to restrictive measures imposed by national governments or international bodies, as referred to in Article 8(5)(b) of the DGS Directive;
 - deposits on which a pledge has been created for a third party or that have been seized;
 - deposits that are blocked under a regulation in the country in which the deposit is being held, to the extent that this block is relevant for the payout under the DGS;

- The full balance must be included of deposits held on behalf of third-party beneficiaries under a contract or statutory requirement (escrow accounts);
- Bank savings deposits for a private residential property, as referred to in Section 29.01(2)(e) of the Bbpm, must not be included.

If a deposit has any of these markings, the relevant SCV must be processed manually in the event of an actual payout.