

DGS obligations for banks in mergers, acquisitions, conversions and similar operations

December 2024

This fact sheet describes the steps that banks must take with regard to the Dutch Deposit Guarantee Scheme and depositors in the event of a merger, acquisition, conversion or similar operation (referred to below as “changes”) within or outside the Netherlands.¹ Banks’ obligations towards the deposit guarantee scheme (DGS) follow from various European and Dutch laws and regulations.²

Obligations for the bank

The obligations apply to both domestic and cross-border changes.

Banks have the following obligations:

- Informing the DGS authority (DNB)
- Informing depositors
- Releasing deposits to depositors

1 Informing the DGS authority (DNB)

Banks must notify the DGS authority as soon as possible, but always **at least six months** in advance in the case of cross-border changes and **at least three months** in advance in the case of other changes.³ Timely notification of DNB is important because of the impact of the changes on a bank’s Single Customer View (SCV) system⁴, the impact on depositors and consequences for the Dutch Deposit Guarantee Fund (DGF).

Banks have paid quarterly contributions to the DGF since 2016. These contributions are calculated based on the size of guaranteed deposits and are partly risk-based. The risk-based portion of the contributions is added to the general part of the DGF. The remaining contributions are used to build up a bank’s individual DGF balance. In the event of a **domestic change**, the individual balance of the transferring bank is (partly) transferred to the individual balance of the acquiring bank, corresponding to the change⁵. In the event of a **cross-border change**, the bank’s deposits will fall under either the protection of a foreign DGS or under the Dutch Deposit Guarantee. DNB implements the changes in the contributions structure and the DGS obligations relating to the change. This is how the DGS can ensure that the size of the DGF accurately reflects the size of the sector. Similarly, in the event of a cross-border change, part of the bank’s

1 This translation is made available by DNB. No rights can be derived from this English version. In case of differences between the versions, the content of the Dutch version is leading. Please note that there may also be information and/or notification obligations with respect to events that do not classify as changes, but these are not covered in this fact sheet.

2 Among others articles 16(6) and (7) and 14(4) of European Directive 2014/49/EU on Deposit Guarantee Schemes (DGSD), Section 3:264a(1) and (2) of the Financial Supervision Act (*Wet op het financieel toezicht – Wft*) and Section 29.20(2) of the Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees under the Wft (*Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft – Bbpm*).

3 Section 29.20(2) of the *Bbpm* and Section 13 of the SCV Policy Rule (*Beleidsregel Individueel Klantbeeld Wft 2017*).

4 In this context, see also Section 13 of the SCV Policy Rule.

5 Section 29.20(3) and (4) of the *Bbpm*.

contributions must be transferred from one DGS to another.⁶

In the event of cross-border changes, banks must therefore notify DNB **six months before the change takes effect**.⁷ In the case of other changes, banks are obliged to inform the DGS authority as soon as possible, but in any event **three months before the changes take effect**.⁸

We ask banks to do so by email to dgs@dnb.nl, specifying the change, including the envisaged timelines.⁹

In the event of a cross-border change the bank must continue to pay both the ex-ante contributions and any extraordinary contributions to its original DGS until the change takes effect.

Finally, a bank must always notify DNB as soon as possible **after** the changes have taken effect, providing a statement that the SCV system is still in line with the SCV Policy Rule.¹⁰

2 Informing depositors

The bank must inform depositors **at least one month** before the legal consequences of a merger, conversion of subsidiary into branch or similar operation enter into force.¹¹ DNB may allow a shorter period for financial system stability reasons or because it serves a legitimate interest of the bank in question.

Effective forms of depositor notification may include:

- a notification through the bank's mobile application;
- a notification after logging in to the bank's digital customer environment;
- a (digital) letter.

In addition, the change can also be announced on the bank's website.

Depositors have the right to be **informed in writing (on paper)** if they so wish.¹²

For depositors it is beneficial to know where they can **ask questions about the change**. We recommend including information in the notification on how the customer can contact the bank in case of questions. Banks can also consult DNB to discuss the contents of the notification. To do so, banks can send an email to dgs@dnb.nl.

If the deposits will be protected by a **foreign DGS** (within the European Economic Area, EEA), the notification of the change must also clearly state that while the deposits are still covered by the same European directive, there may be differences in national implementation. For example, the temporarily higher protection for the purchase or sale of a private residential property may vary from country to country.

For the sake of completeness, we also refer to the obligation to notify depositors within one month after terminating participation in a deposit guarantee scheme.¹³

3 Release of deposits

All depositors who had a deposit at the banks involved in the change and whose deposits exceed the coverage level of EUR 100,000 after the merger, conversion of subsidiary into branch or similar operation must be given the opportunity **to withdraw the unguaranteed amount freely: unconditionally and without penalty**. For example, this means they must not be charged any withdrawal costs that contractually apply when withdrawing a time deposit prior to maturity. This release also applies to depositors who are protected by a new DGS as a result of the change. Accrued interest and gains on the deposits must also be released. See Box 1 with examples of situations in which deposits must be released.

⁶ Article 14(3) of the DGSD as implemented in Sections 29.03 and 29.20 of the *Bbpm*.

⁷ Article 14(4) of the DGSD, as implemented in Sections 29.03 and 29.20 of the *Bbpm*. Additional notification obligations may apply based on DGS legislation and regulations in the Member State of the other bank involved in the change.

⁸ Section 13(1) of the SCV Policy Rule.

⁹ Section 13(4) of the SCV Policy Rule.

¹⁰ Section 13(2) and (5) of the SCV Policy Rule.

¹¹ Article 16(6) of the DGSD, as implemented in Section 3:264a of the *Wft*.

¹² Article 16(8) of the DGSD, as implemented in Section 3:263 of the *Wft* in conjunction with Section 29.03 of the *Bbpm*.

¹³ Article 16 (7) of the DGSD and Section 29.03(1) of the *Bbpm*.

Each bank involved in the change must offer depositors this withdrawal option **for three months after the above-mentioned notification** (obligation 2).¹⁴ We consider it desirable that this period continues **at least one month after the date on which the legal consequences of the change**

entered into force, regardless of when the release period started. See the Example, Figure 1 for a possible timeline.

The bank must inform depositors of their rights with respect to the release of deposits.

Contact DNB

Changes require a case-specific approach. Therefore, it is important that banks contact DNB as soon as possible – in the event of cross-border changes no later than six months before the change, and in the case of other changes no later than three months before the change. They can do so at dgs@dnb.nl.

Box 1 Examples of deposit release¹⁵

Example 1

A depositor has EUR 60,000 at Bank A and EUR 60,000 at Bank B, which will be fully integrated into Bank A after a merger. The depositor then has EUR 120,000 at Bank A. The depositor must be given the opportunity to withdraw or transfer the entire amount above EUR 100,000 (i.e. EUR 20,000) without penalty.

Example 2

A depositor has EUR 150,000 at Bank A and EUR 200,000 at Bank B, which will be fully integrated into Bank A after a merger. The depositor then has EUR 350,000 at Bank A. The depositor must be given the opportunity to

withdraw or transfer the entire amount above EUR 100,000 without penalty. The penalty-free release applies in this example regardless of the balance on the account. For example, also in the case where the depositor had a balance of EUR 0 on the account at Bank B.

Example 3

A depositor has EUR 300,000 at Bank A and no account at Bank B, which is fully integrated into Bank A after a merger. The depositor then has EUR 300,000 at Bank A. The depositor is not entitled to a penalty-free release.

Example 4

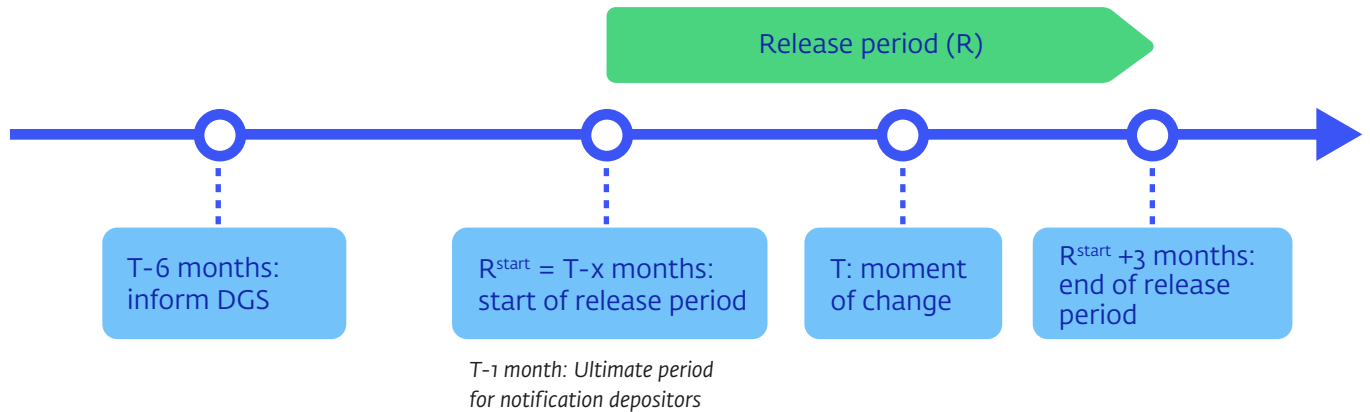
A depositor has EUR 150,000 at Bank A. Bank A has a Dutch banking licence. The depositor has no account at Bank B. Bank B has a banking licence in an EEA country other than the Netherlands. Bank A is fully integrated into Bank B after a merger. The depositor then has EUR 150,000 at Bank B, and will be protected by the DGS in the country where Bank B is established. The depositor must be able to withdraw or transfer the full amount above EUR 100,000 (i.e. EUR 50,000) without penalty.

¹⁴ Article 16(6), second paragraph, of the DGSD, as implemented in Section 3:264a(2) of the *Wft*.

¹⁵ Bank A and B in examples 1 to 3 both have a Dutch banking license and deposits at these banks are each protected by the Dutch Deposit Guarantee.

Example: A cross-border merger of bank A and bank B at the time T

Figure 1 Timeline example of a merger



The timeline in Figure 1 shows a situation in which Bank A and Bank B will merge. Bank A has a banking licence in the Netherlands and Bank B has a banking licence in an EEA country, but as a result of the merger, Bank B will be integrated into Bank A. The merged banks will then operate under a single Dutch banking licence. The change will enter into effect on 1 January 2025, which means the transfer of deposits from bank B to bank A will also take place at that date (time T).

Stage 1: Obligation to inform the DGSs

In the period up until six months prior to the impending change, the banks involved must inform the relevant DGSs. In the illustrated example (see Figure 1), Bank A and Bank B must notify the relevant DGSs of the change, which is planned to take effect for 1 January 2025, by 1 July 2024. This way, the DGSs involved have sufficient time to ensure that the size of the accumulated fund continues to reflect the size of the sector.

Stage 2: Obligation to inform the depositors

In the period up until one month prior to the impending change, the depositors of all banks involved must be notified of the consequences of the impending change. This notification must include information on the release obligation resulting from the impending change. In the example mentioned above, Bank A and Bank B must inform all depositors concerned by 1 December 2024 of the impending change that will take effect on 1 January 2025.

Stage 3: Obligation to release deposits (3 months)

After the depositors have been notified, a three-month period starts (from 1 December 2024 until 28 February 2025), during which depositors of the banks concerned are given the opportunity to withdraw deposits unconditionally and without penalty. In the figure this period runs from date 'R^{start}' to date 'R^{start} + 3 months'.