

10. Part IIa is inserted as follows:

**"PART IIa
EUROPEAN DEPOSIT INSURANCE SCHEME (EDIS)**

TITLE I: EDIS I ~~STAGES OF EDIS~~

Chapter 1

~~Reinsurance~~ Liquidity Support

Article 41a ~~Partial funding and excess loss cover~~ **Liquidity support**

(Ferber, AM 120; Ferber, AM 121; Van Overtveldt, AM 122; Van Overtveldt, AM 123; Ferber, 124)

1. As from the date of application set out in Article 99(5a), **the DIF shall be used to provide liquidity support to participating DGSs in accordance with this Chapter.** ~~are reinsured by EDIS in accordance with this Chapter for a period of three years ('reinsurance period').~~ **(Ferber, AM 125)**
2. In case a participating DGS encounters a payout event or is used in resolution in accordance with Article 79 of this Regulation, **or is used for financing measures in accordance with Article 11(3) and 11(6) of Directive 2014/49/EU**, it may **request liquidity** ~~claim~~ funding from the DIF ~~of up to 20% in the amount~~ of its liquidity shortfall as set out in Article 41b. **(Ferber, AM 128; Kelleher et al., AM 129)**
3. ~~The DIF shall also cover 20% of the excess loss of the participating DGS as set out in Article 41c. The participating DGS shall repay the amount of funding it obtained under paragraph 2 of this Article, less the amount of excess loss cover, in accordance with the procedure set out in Article 41e.~~ **(Ferber, AM 130; Van Overtveldt, AM 131)**
4. ~~Neither the~~ **The outstanding cumulative funding provided by the DIF to a participating DGS** ~~nor the excess loss cover shall not~~ exceed the lower of 20% of the initial target level of the DIF as set out in Article 74b(1) of this Regulation and 10 times the target level of the participating DGS as defined in the first subparagraph of Article 10(2) of Directive 2014/49/EU.

Article 41b

Liquidity shortfall

1. In case the participating DGS encounters a payout event, its liquidity shortfall shall be calculated as the total amount of covered deposits **held by the credit institution, and** within the meaning of Article 6(1) **and 6(2)** of the Directive 2014/49/EU ~~that is held by the credit institution~~ at the time of the payout event ~~less the necessary~~

administrative expenditures of the participating DGS related to the pay-out less the amount of available financial means the participating DGS should have at the time of the determination in accordance with Articles 10(2) and (3) of Directive 2014/49/EU: (Peter-Hansen, AM 132; Kelleher et al., AM 140)

- ~~(a) — the amount of available financial means the participating DGS should have at the time of the payout event if it had raised ex ante contributions in accordance with Article 41j;~~
 - ~~(b) — the amount of extraordinary contributions as defined in Article 10(8) of the Directive 2014/49/EU the participating DGS can raise within three days from the payout event.~~
2. In case the participating DGS is used in resolution proceedings, its liquidity shortfall shall be **calculated as** the amount determined by the resolution authority in accordance with Article 79 **of this Regulation** less the amount of available financial means the participating DGS should have at the time of the determination **in accordance with Articles 10(2) and (3) of Directive 2014/49/EU** ~~if it had raised ex ante contributions in accordance with Article 41j. (Ferber, AM 142)~~
3. **In case the funds of a participating DGS are used to finance measures in accordance with Article 11(3) and 11(6) of Directive 2014/49/EU, its liquidity shortfall shall be calculated as the amount used to finance those measures less the amount of available financial means the participating DGS should have in accordance with Articles 10(2) and 10(3) of that Directive at the time of the decision to grant a measure in accordance with 11(3) or 11(6) of that Directive is taken.**

Article 41e

Excess loss (Ferber, AM 146; Van Overtveldt, AM 147)

1. ~~In case the participating DGS encounters a payout event, its excess loss shall be calculated as the total amount it repaid to depositors in accordance with Article 8 of Directive 2014/49/EU less:~~
- ~~(a) — the amount the participating DGS recovered from subrogating to the rights of depositors in winding up or reorganisation proceedings under the first sentence of Article 9(2) of Directive 2014/49/EU;~~
 - ~~(b) — the amount of available financial means the participating DGS should have at the time of the payout event if it had raised ex ante contributions in accordance with Article 41j;~~
 - ~~(c) — the amount of ex post contributions the participating DGS may raise in accordance with the first sentence of the first subparagraph of Article 10(8) of Directive 2014/49/EU within one calendar year, which shall contain the amount raised in accordance with point (b) of Article 41b(1) of this Regulation. (Ferber, AM 148)~~
2. ~~In case the funds of the participating DGS are used in resolution proceedings, its excess loss shall be the amount determined by the resolution authority in accordance with Article 79 less:~~
- 3.
- ~~(a) — the amount of any difference the participating DGS was paid in accordance with Article 75 of Directive 2014/59/EU;~~

- (b) ~~the amount of available financial means the participating DGS should have at the time of the determination if it had raised ex-ante contributions in accordance with Article 41j.~~ (Ferber, AM 149)

Chapter 2

Co-insurance (Van Overtveldt, AM 150; Ferber, AM 151)

Article 41d

Funding and loss cover (Ferber, AM 153)

- ~~1. As from the end of the re-insurance period, the participating DGS shall be co-insured by EDIS in accordance with this Chapter for a period of four years ('co-insurance period').~~ (Ferber, AM 153)
- ~~2. In case a participating DGS encounters a payout event or is used in resolution in accordance with Article 109 of Directive 2014/59/EU or Article 79 of this Regulation, it may claim funding from the DIF of a share of its liquidity need as defined in Article 41f of this Regulation. The share shall increase in accordance with Article 41e.~~ (Ferber, AM 155)
- ~~3. The DIF shall also cover a share of the loss of the participating DGS as defined by Article 41g. The share shall increase in accordance with Article 41e. The participating DGS shall repay the amount of funding it obtained under paragraph 2, less the amount of loss cover, in accordance with the procedure set out in Article 41o.~~ (Ferber, AM 156)

Article 41e

Increase of funding and loss cover (Ferber, AM 155)

The share of coverage under the second and third paragraph of Article 41d shall increase during the co-insurance period as follows:

- ~~— in the first year of the co-insurance period it shall be 20%;~~
- ~~— in the second year of the co-insurance period it shall 40%;~~
- ~~— in the third year of the co-insurance period it shall be 60%;~~
- ~~— in the fourth year of the co-insurance period it shall be 80%.~~ (Ferber, AM 156)

Article 41f

Liquidity need (Ferber, AM 163)

- ~~1. In case the participating DGS encounters a payout event, its liquidity need shall be deemed to be the total amount of covered deposits within the meaning of Article 6(1) of Directive 2014/49/EU that is held in the credit institution at the time of the payout event.~~ (Ferber, AM 164)
- ~~2. In case the participating DGS is used in resolution proceedings, its liquidity need shall be the amount determined by the resolution authority in accordance with Article 109 of Directive 2014/59/EU or Article 79 of this Regulation.~~ (Ferber, AM 165)

Article 41g
~~Loss~~ *(Ferber, AM 166)*

1. ~~In case the participating DGS encounters a payout event, its loss shall be the total amount it repaid to depositors in accordance with Article 8 of Directive 2014/49/EU less the amount the participating DGS recovered from subrogating to the rights of depositors in winding up or reorganisation proceedings under the first sentence of Article 9(2) of the Directive 2014/49/EU.~~ *(Ferber, AM 167)*
2. ~~In case the participating DGS is used in resolution proceedings, its loss shall be the amount determined by the resolution authority in accordance with Article 109 of Directive 2014/59/EU or Article 79 of this Regulation less the amount of any difference the participating DGS was paid in accordance with Article 75 of Directive 2014/59/EU.~~ *(Ferber, AM 168)*

Chapter 3

Full insurance *(Ferber, AM 169; Van Overtveldt, AM 170)*

Article 41h
~~Funding and loss cover~~ *(Ferber, AM 171)*

1. ~~4As from the end of the co-insurance period, the participating DGS shall be fully insured by EDIS in accordance with this Chapter.~~ *(Ferber, AM 172)*
2. ~~In case a participating DGS encounters a payout event or is used in resolution in accordance with Article 109 of Directive 2014/59/EU or Article 79 of this Regulation, it may claim funding from the DIF for its liquidity need as defined by Article 41f of this Regulation.~~ *(Ferber, AM 173)*
3. ~~The DIF shall also cover the loss of the participating DGS as defined by Article 41g. The participating DGS shall repay the amount of funding it obtained under paragraph 2, less the amount of loss cover, in accordance with the procedure set out in Article 41e.~~ *(Ferber, AM 174)*

Chapter 4

Common provisions *(Ferber, AM 175)*

Article 41ba
Mandatory lending

1. *In cases where the available financial means of the DIF are not sufficient to provide the liquidity requested by a participating DGS in accordance to Article 41a, the Board shall borrow from the other participating DGSs or access alternative funding arrangements pursuant to Article 74g, unless this results in significant adverse consequences for the financial system or threatens financial stability.*
2. *Each participating DGS shall provide the loans, referred to in paragraph 1, where applicable, to the DIF.*
3. *The Board shall calculate the amount of mandatory lending needed to provide funding in accordance with Article 41a of this Regulation. The SRB shall calculate the amount of mandatory lending to be claimed from each participating DGS in*

proportion to the ratio between the DIF's target level and the target level of each DGS as determined in accordance with Article 10(2) of Directive 2014/49/EU.

- 4. After completion of the build-up phase of the DIF in accordance with Article 74d, the amount to be provided by each participating DGS as mandatory lending shall not exceed 30% of the target level of that DGS in accordance with Article 10(2) of Directive 2014/49/EU.*
- 5. In order to obtain the funding through mandatory lending the SRB shall follow the procedure laid down in Article 41q. (Ferber, AM 144; Peter-Hansen AM 145)*

Article 41i

Disqualification from coverage by EDIS-liquidity support

- 1. A participating DGS shall not be eligible for liquidity support exceeding the total amount of contributions transferred to the DIF by the relevant DGS in accordance with Article 74c (1) covered by EDIS in the reinsurance, co-insurance or full insurance phase, if the Commission, acting on its own initiative or upon a request of the Board or a participating Member State, decides and informs the Board, the DGS, the designated authority of the participating Member State within the meaning of point 18 of Article 2 of Directive 2014/49/EU, and the national competent authority or authorities, accordingly that at least one of the following disqualifying conditions is met: (Van Overtveldt, AM 179)*

- (a) the participating DGS has failed to comply with the obligations under this Regulation or Articles 4, 6, 7 or 10 of Directive 2014/49/EU;*
- (b) the participating DGS, the relevant administrative authority within the meaning of Article 3 of Directive 2014/49/EU, or any other relevant authority of the respective Member State have, in relation to a particular request for coverage by EDIS, acted in a way that runs counter to the principle of sincere cooperation as laid down in Article 4(3) of the Treaty on European Union.*

1a. The Board shall monitor compliance with the provisions set out in paragraph 1 (a) and (b) on a continuous basis. If the Board identifies instances of non-compliance with any of the obligations under paragraph 1 (a) and (b), it shall immediately inform the Commission thereof. (Van Overtveldt, AM 181)

1b. If the Commission considers that at least one of the disqualifying conditions is met, it shall notify the DGS concerned and the designated authority of the participating Member State within the meaning of point 18 of Article 2 of Directive 2014/49/EU, as well as to the national competent authority or authorities. It shall also inform the Member State or Member States concerned. In that letter, the Commission shall set out the reasons for considering disqualifying the participating DGS from coverage by EDIS.

Within two months of receipt of such formal notice, the designated authority, in close cooperation with the DGS concerned and the national competent authority, shall:

- (a) take prompt corrective action to address the shortcomings identified and to ensure that the disqualifying conditions are no longer met;*
- (b) submit to the Commission a reply in which they set out in detail the corrective action they have taken. (Van Overtveldt, AM 182)*

2. When funding has already been obtained by a participating DGS and at least one of the disqualifying conditions referred to in paragraph 1 is met in relation to a payout event or a use in resolution, the Commission may order full or partial repayment of the funding to the DIF.

Article 41j

Funding path to be followed by participating DGSs (Ferber, AM 186)

1. ~~A participating DGS shall only be reinsured, co-insured or fully insured by EDIS during the year following any of the dates set out below, if, by that date, its available financial means raised by contributions referred to in Article 10(1) of Directive 2014/49/EU amount to at least the following percentages of the total amount of covered deposits of all credit institutions affiliated to the participating DGS:~~
 - ~~—by 3 July 2017: 0.14%;~~
 - ~~—by 3 July 2018: 0.21%;~~
 - ~~—by 3 July 2019: 0.28%;~~
 - ~~—by 3 July 2020: 0.28%;~~
 - ~~—by 3 July 2021: 0.26%;~~
 - ~~—by 3 July 2022: 0.20%;~~
 - ~~—by 3 July 2023: 0.11%;~~
 - ~~—by 3 July 2024: 0%. (Ferber, AM 187)~~

2. ~~The Commission, after consulting the Board, may approve a derogation from the requirements set out in paragraph 1 for duly justified reasons linked to the business cycle in the respective Member State, the impact pro-cyclical contributions may have, or to a payout event which occurred at national level. Those derogations must be temporary and may be subject to the fulfilment of certain conditions. (Ferber, AM 189)~~