

**UNOFFICIAL CONSOLIDATION OF LAWS 5(I) OF 2016, 41(I) OF 2018,  
22(I) AND 74(I) OF 2020 AND 119(I) OF 2021**

**DEPOSIT GUARANTEE AND RESOLUTION OF CREDIT AND OTHER  
INSTITUTIONS SCHEME LAWS OF 2016 TO 2021**

**This consolidation is unofficial. It has been prepared for the convenience of users and comprises the grouping of the text of the basic law and of the amendments to the law in one consolidated, but unofficial document to serve as a reference tool. The Central Bank of Cyprus shall not be responsible for its content.**

**Latest Update: 30 July 2021**

The House of Representatives votes as follows:

PART I  
INTRODUCTORY PROVISIONS

Short  
title.

1. This Law shall be cited as the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme Laws of 2016 to 2021.

Interpretation.

2.-(1) In this Law, unless the context otherwise requires-

«competent authority» has the meaning assigned to it by point (40) of Article 4(1) of Regulation (EU) No 575/2013, including the European Central Bank with regard to the specific tasks conferred to it by virtue of Regulation (EU) No 1024/2013;

«competent authority of member state» means an authority of a member state that corresponds to the definition of point (40) of Article 4(1) of Regulation (EU) No 575/2013, including the European Central Bank with regard to the specific tasks conferred to it by virtue of Regulation (EU) No 1024/2013;

22(l) of 2016. «Resolution Authority» has the meaning assigned to it by section 2 of the Resolution of Credit Institutions and Investment Firms Law;

Official Gazette,  
Annex Three  
(I):  
11.2.2016.

«available financial means» means cash, deposits and low-risk assets, which can be liquidated within a period not exceeding that referred to in point (d) of Regulation 12 (1) of the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme Regulations and

which are used for the purposes referred to in section 4(a) of this Law;

«available financial means of the Resolution Fund» refers to cash, deposits and assets made available by the Resolution Fund for the purposes referred to in section 103 of the Resolution of Credit Institutions and Investment Firms Law; 22(l) of 2016.

«EBA» means the European Banking Authority;

«contribution» refers to any of the following:

- (a) The amount owed as determined by the initial, ex ante, or ex post contribution, which the credit institution is obligated to pay to the Deposit Guarantee Fund, pursuant to section 9 of this Law and pursuant to the regulations,
- (b) the amount owed as determined by the ex ante or ex post contribution, which the institution is obligated to pay to the Resolution Fund, pursuant to the provisions of sections 11 and 12 of this Law and pursuant to the regulations;

Official Journal of the EU:  
L 15,  
22.1.2015,  
p. 1.

«Council Implementing Regulation (EU) 2015/81» refers to the European Union act entitled "Council Implementing Regulation (EU) 2015/81 of 19 December 2014 specifying uniform conditions of application of Regulation (EU) No 806/2014 of the European Parliament and of the Council with regard to ex ante contributions to the Single Resolution Fund»;

«Single Resolution Fund" shall have the meaning assigned to this term by paragraph 1 of Article 67 of Regulation (EU) No 806/2014;

«Union» means the European Union;

«eligible deposits» shall have the meaning assigned to this term by the regulations;

«Committee» means the Management Committee established by the provisions of section 6.

73(I) of 2009  
5(I) of 2012  
65(I) of 2014  
135(I) of 2015.

«Securities and Exchange Commission» means the Cyprus Securities and Exchange Commission, as this is defined in the Cyprus Securities and Exchange Commission Law, as amended;

Official Gazette  
Annex One (I):  
31.07.2009.

144(I) of 2007  
106(I) of 2009  
141(I) of 2012  
154(I) of 2012  
193(I) of 2014.

«investment firm» shall have the meaning assigned to this term by section 2 of the Investment Services and Activities and Regulated Markets Law as amended or replaced;

Official Gazette,  
Annex One (I):  
16.11.2007  
16.11.2012  
30.11.2012  
13.3.2015.

«institution» means -

(a) credit institution, as defined in paragraph (b) of the definition of the term «credit institution»;

(b) investment firm which meets the requirements of the definition in point 2), paragraph 1 of Article 4 of Regulation (EU) No 575/2013, which is subject to the requirement of initial capital, as per the provisions of section 10(1) of the Investment Services and Activities and Regulated Markets Laws of 2007 to 2016, which remained in force, as per the provisions of section 104 of the Investment Services and Activities and Regulated Markets Law of 2017;

144(I) of 2007

106(I) of 2009

141(I) of 2012

154(I) of 2012

193(I) of 2014

8(I) of 2016

87(I) of 2017.

«covered deposits» means the part of eligible deposits that does not exceed the coverage level laid down in the regulations;

«regulations» means the regulations issued by virtue of section 32;

Official Journal of the EU:

L 287,

29.10.2013,

p. 63

L 328,

13.11.2014,

p. 62.

«Regulation (EU) No 1024/2013» refers to the European Union act entitled «Council Regulation (EU) No 1024/2013 of 15th October 2013, conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions", as amended;

Official Journal of the EU:

L 331,

15.12.2010,

p. 12

L 225,

30.7.2014,

"Regulation (EU) No 1093/2010" refers to the European Union act entitled "Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010, establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission

p. 1. Decision 2005/78/EC, as last amended by Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014;

Official Journal of the EU:

L 176,  
27.6.2013,

p. 1

L 208,  
2.8.2013,

p. 68

L 321,  
30.11.2013,

p. 6

L 11,  
17.1.2015,

p. 37.

«Regulation (EU) No 575/2013» refers to the European Union act entitled "Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended by the Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 and as amended;

Official Journal of the EU:

L 225,  
30.7.2015,

p. 1.

«Regulation (EU) No 806/2014» refers to the European Union act entitled «Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010»;

«deposit» means any credit balance which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a credit institution is required to repay under the legal and contractual conditions applicable, including fixed-term

deposits and savings deposits, but excluding a credit balance where -

- (a) its existence can only be proven by financial instruments as defined in the Investment Services and Activities and Regulated Markets Law as amended, unless it is a savings product which is evidenced by a certificate of deposit made out to a named person and which existed on 2 July 2014;
- (b) its principal is not repayable at par, or,
- (c) its principal is only repayable at par under a particular guarantee or agreement provided by the credit institution or a third party;

«Central Bank» refers to the Central Bank of Cyprus;

«member state» refers to a member state of the European Union or another State that is a party to the European Economic Area Agreement, signed in Porto on 2 May 1992 and adapted by the Protocol signed in Brussels on 17 May 1993, as this Agreement is further amended or replaced;

«resolution measures» refers to resolution measures taken pursuant to the Resolution of Credit Institutions and Investment Firms Law;

«bail-in» has the meaning assigned to this term by the Resolution of Credit Institutions and Investment Firms Law;

22(I) of 2016  
96(I) of 2021.

«measure to transfer assets, rights or liabilities to a bridge institution» has the meaning assigned to this term by section 2 of the Resolution of Credit Institutions and Investment Firms Law;

«sale of business measure» has the meaning assigned to this term by section 2 of the Resolution of Credit Institutions and Investment Firms Law;

«unavailable deposit» means a deposit that is due and payable, but that has not been paid by a credit institution under the legal or contractual conditions applicable thereto, where either:

Official Gazette,  
Annex Three (I):  
9.9.2013  
19.6.2015.

(a) subject to the Directives to Cooperative Credit Institutions and the Central Body for the Affiliation of Cooperative Credit Institutions with the Central Body of 2013 and 2015, the Central Bank has established and has informed the Committee that the credit institution, for reasons relating to its financial condition, does not appear for the time being able to repay the deposit and deems that it will not be able to do so in the near future;

(b) an order has been issued by a court of the Republic for special liquidation of the credit institution pursuant to the Business of Credit Institutions Law, or where the credit institution's head office is located outside the Republic, an equivalent order has been issued by a judicial authority of the country where it has its head office;

Official Journal of the EU:  
L 176,  
27.6.2013,  
p.338.  
L337,  
23.12.2015,  
p.35.

«Directive 2013/36/EU refers to the European Union act entitled «Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC», as recently amended by the Directive 2015/2366/EU of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC;

«Directive 2014/49/EU refers to the European Union act entitled «Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee systems»;

Official Journal of the EU:  
L 173,  
12.6.2014, p.190.

«Directive 2014/59/EU refers to the European Union act entitled "Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council;

«Designated Authority» means the body which administers the DGS pursuant to this Law;

«credit institution» -

(a) with reference to the sections 11 and 14 of this Law, it has the meaning assigned to the term «institution» by point 1) of Article 4(1) of the Regulation (EU) No. 575/2013, not including the entities referred to in paragraph 5 of Article 2 of Directive 2013/36/EU;

(b) with reference to the sections 4(a)(i), 9(2), 9(3), 10(1)(a) and in every other references in this Law, has the meaning assigned to it by point 1) of Article 4(1) of the Regulation (EU) No. 575/2013;

«DGS» means the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme operating in the Republic in accordance with the provisions of this Law;

«low-risk assets» are assets falling into the first or second category referred to in Table 1 of Article 336 of Regulation (EU) No 575/2013 or any assets which are considered to be similarly safe and liquid by the Committee;

«relevant third country competent authority» means the competent authority of a third country which, if it was established in the Union, would meet the definition of the term «competent authority»;

«Funds» refers to the Deposit Guarantee Fund and the Resolution Fund of Credit and Other Institutions;

«Deposit Guarantee Fund» refers to the Deposit Guarantee Fund for Credit Institutions;

«Resolution Fund» refers to the Resolution Fund of Credit and Other Institutions;

(2) Under this Law and its regulatory administrative acts, unless otherwise specified by the text of this Law–

(a) any reference to a legislative act of the European Union such as Directive, Regulation or Decision, means the said act as respectively corrected, amended or replaced from time to time;

(b) any reference to law or regulatory administrative act of the Republic means the said law or the said regulatory administrative act as respectively corrected, amended or replaced from time to time;

## PART II

### GENERAL PROVISIONS

Scope

3.-(1) This Law is applicable to all credit institutions or institutions in accordance with the definitions laid in section 2.

81(I) of 2012. (2) Sums defined as electronic money in accordance with the provisions of the Electronic Money Law fall outside the scope of this Law.

Objectives of DGS

4. The objectives of the DGS are the following:

(a) payment through the Deposit Guarantee Fund for -

- (i) compensation to the depositors of credit institutions that pay contribution to the Deposit Guarantee Fund, in the case where they are not able to repay their deposits;
- (ii) financing of the application of resolution measures pursuant to section 105 of the Resolution of Credit Institutions and Investment Firms Law and in accordance with section 10 of this Law;

(b) financing, through the Resolution Fund, of the application of resolution measures, as provided in this Law and the Resolution of Credit Institutions and Investment Firms Law.

Designated Authority.

5. (1) The DGS consists of the Funds and the Committee is the Designated Authority.

(2) The merger of the DGS with deposit guarantee schemes of other member states and/or the participation of the DGS to the establishment of cross-border deposit guarantee schemes is allowed, provided that such a merger and/or establishment is approved by the Committee in advance.

Legal status of the DGS.

6.-(1) The DGS is a separate public law corporate body.

(2) In order to serve the purposes of the DGS, including the management of the Funds and in accordance with the provisions of section 30, a Committee is established, the formation, composition,

powers, duties and responsibilities of which are defined in Part III.

(3) For its relations abroad, the DGS uses the name "Deposit Guarantee and Resolution of Credit and Other Institutions Scheme (DGS)".

Eligibility of deposits, coverage level and repayment.

7. The eligible deposits covered by the DGS, the level and currency, the period and the repayment methods are specified in the regulations.

Available funds of the Deposit Guarantee Funds.

8. Deleted.

Contributions to Deposit Guarantee Fund.

9.-(1) The Committee shall ensure that the DGS has in place adequate systems to determine its potential liabilities. The available financial means of the DGS for the purposes of compensating the covered deposits shall be proportionate to those liabilities.

(2) The Committee requires that each credit institution licensed by the competent authorities and obligated under this Law to pay ex ante contribution to the Deposit Guarantee Fund, to also pay an initial contribution as specified in the regulations.

(3) Each member of the DGS pays annual ex ante contributions to it, the level of which is specified in the regulations; the regulations may also provide for additional funding of the DGS from other sources.

(4) The target level, as defined in the regulations, must be achieved by 3 July 2024.

(5) The ex ante contribution shall take due account of the phase of the business cycle and the impact procyclical contributions may have when setting annual contributions within the context of this section.

(6) The initial time period referred to in subsection (4) may be extended for a maximum of four (4) years, if the DGS has made cumulative disbursements in excess of 0,8% of covered deposits.

(7) The Committee shall have in place adequate alternative funding arrangements, in order to enable it to obtain short-term funding to meet claims against the DGS.

(8) The Committee shall inform the EBA by 31 March of each year of the amount of covered deposits in the Republic and the DGS's available financial means with respect to the Deposit Guarantee Fund, as applicable on 31 December of the preceding year.

(9) Contributions to the Resolution Fund, including the available financial means of the Resolution Fund which are taken into account in order to reach the target level of this fund, are not taken into account for achieving the target level of the Deposit Guarantee Fund.

(10) The calculation of initial, ex ante and extraordinary ex post contributions is specified in the regulations.

Use of deposit  
guarantee fund

10.-(1) The funds in the Deposit Guarantee Fund may be used for the following purposes:

- (a) Primarily for the payment of compensation to depositors of credit institutions, which pay contribution to the Deposit Guarantee Fund, when deposits become unavailable;
- (b) financing of resolution measures in accordance with the provisions of Part X of the Resolution of Credit Institutions and Investment Firms Law.

(2) Notwithstanding the provisions of section 105 of the Resolution of Credit Institutions and Investment Firms Law and section 27(2) of this Law, if the available financial means of the DGS are used in accordance with the provisions of these sections and subsequently, are reduced to less than two-thirds ( $2/3$ ) of the DGS target level, the regular contributions to the DGS shall be set at a level allowing the target level to be reached within six (6) years.

(3) The Resolution Authority, after having taken into consideration the Committee's opinion, determines the amount to be used by the Deposit Guarantee Fund for the financing of resolution measures, which shall not exceed the amount equal to fifty percent (50%) of the target level.

(4) Under any circumstances, the amount used by the Deposit Guarantee Fund for the financing of resolution measures, shall not exceed the level of the losses it would have incurred if the institution had been wound up under normal insolvency proceedings.

(5) The terms and conditions for the activation of the compensation procedure by the Deposit Guarantee Fund are specified in the regulations.

Ex ante contributions to the Resolution Fund.

11.-(1)The Committee ensures that, by 31 December 2024, the available financial means of the Resolution Fund will reach the target level of at least 1% of the amount of covered deposits of all institutions which are licenced to operate in the Republic.

(2) During the initial time period referred to in subsection (1), the contributions to the Resolution Fund, which are raised in accordance with the provisions of this section and the regulations, shall be spread out in time as evenly as possible until the target level is reached. To this end, the Committee, after taking into consideration the opinion of the Resolution Authority, takes due account of the phase of the business cycle and the impact procyclical contributions may have on the financial position of the contributing institutions.

14(III) of 2015.

As of the date of entry into force of this Law, the contributions of licensed credit institutions established in the Republic are transferred from the Resolution Fund to the Single Resolution Fund, in accordance with the provisions of the Agreement on Transfer and Mutualisation of Contributions to the Single Resolution Fund Implementing Law of 2015, Regulation (EU) No 806/2014 and the Council Implementing Regulation (EU) 2015/81. Investment firms and licensed credit institutions operating in the Republic through branches with head offices in third countries continue to pay contributions to

the Resolution Fund, in accordance with the Committee's regulations and directives.

(3) Contributions to the DGS for deposit guarantee purposes shall not count towards the Resolution Fund target level.

(4) The method of calculation for all Resolution Fund contributions is specified in the regulations.

(5) The initial time period referred to in subsection (1) may be extended for a maximum of four (4) years, if the Resolution Fund has made cumulative disbursements in excess of 0,5% of covered deposits of all licensed institutions in the Republic.

(6) If, after the initial time period referred to in subsection (1), the available financial means of the Resolution Fund fall short of the target level specified therein, the regular ex ante contributions shall resume until the target level is reached. After the target level has been reached for the first time and where the available financial means of the Resolution Fund have subsequently been reduced to less than two thirds (2/3) of the target level, those contributions shall be set at a level allowing the target level to be reached within six (6) years.

(7) The contributions referred to in this section are used solely for the purposes of resolution measures.

(8) Pursuant to sections 45, 46, 48, 50, 51, 52 and 112 of the Resolution of Credit Institutions and Investment Firms Law, the amounts received from the institution

under resolution or the bridge institution, the interest and other earnings on investments and any other earnings may benefit the Resolution Fund.

Ex post contributions to the Resolution Fund.

12.-(1) When the available financial means of the Resolution Fund are not sufficient to cover losses, costs or other expenses incurred by the use of the Resolution Fund, the Committee shall ensure that extraordinary ex post contributions are raised from the licensed institutions in the Republic, in order to cover for the additional amounts. Those extraordinary ex post contributions are calculated in accordance with the regulations.

(2) Extraordinary ex post contributions shall not exceed three times the annual amount of contributions that is specified in the regulations.

(3) The Resolution Authority may defer, in whole or in part, an institution's payment of extraordinary ex-post contributions to the Resolution Fund, if the payment of those contributions would jeopardise the liquidity or solvency of the institution:

Such a deferral shall not be granted for a period longer than six (6) months but may be renewed upon request by the institution. The deferred contributions pursuant to this subsection shall be paid when such payment no longer jeopardises the institution's liquidity or solvency.

(4) Section 11 of this Law shall apply mutatis mutandis for the contributions collected in accordance with the provisions of this section.

Resolution Fund and cross-border financing.

13.-(1) In the case of a group resolution, as referred to in section 104 of the Resolution of Credit Institutions and Investment Firms Law, the Resolution Fund contributes to the funding of the group resolution in accordance with the provisions of the Resolution of Credit Institutions and Investment Firms Law, by paying immediately its contribution based on a policy determined by the Committee.

(2) For the purposes of this section, the DGS can enter into loan agreements, or receive other forms of support from institutions, financial institutions, or other third parties, or guarantee any loans entered into via financing arrangements at group level, in accordance with the conditions laid out in section 104 of the Resolution of Credit Institutions and Investment Firms Law.

Use of funds of the Resolution Fund.

14.-(1) Upon request of the Resolution Authority, the Committee shall make the amount paid by the Resolution Fund for financing resolution measures readily available, in accordance with the Resolution of Credit Institutions and Investment Firms Law.

(2) The Resolution Authority shall inform the European Commission regarding the structure of the Resolution Fund.

(3) The Resolution Authority shall inform the European Commission in relation to the amount referred to in section (1), at least annually.

(4) In the event of use of the Resolution Fund in the process of applying a bail-in measure under section 54(7)(b) and section 103(1)(f) of the Resolution of Credit Institutions and Investment Firms Law, the Resolution Fund may be financed by -

- (a) the amount available in the Resolution Fund, collected through ex ante contributions in accordance with the regulations;
- (b) the amount that can be raised via ex post contributions in accordance with section 12, within a three-year (3) period;
- (c) in the event that the amounts referred to in paragraphs (a) and (b) are insufficient, amounts collected from alternative sources of funding in accordance with section 15.

Alternative sources of funding.

15. Alternative sources of DGS funding may derive from the following:

- (a) Deleted;
- (b) loans, or other types of support from institutions, financial institutions, or other third parties, in the event that the amounts collected in accordance with sections 9 and 11 are not sufficient to cover losses, costs or other expenses, which involve the use of the Funds, and there is no immediate access to the extraordinary ex post contributions which are provided for in sections 9 and 12, or these contributions are insufficient;

## (c) liquidation of assets or investments.

Transfer of amounts  
from the Resolution Fund.  
22(l) of 2016.

16. The transfer of amounts from the Resolution Fund to the Deposit Guarantee Fund and vice versa is prohibited, except in the case where it has been determined via valuation, under the provisions of section 76 of the Resolution of Credit Institutions and Investment Firms Law, that the contribution of the Deposit Guarantee Fund in a resolution process was greater than the net losses the DGS would have incurred had the institution been alternatively placed under normal insolvency proceedings, as these are defined in section 2(1) of the Resolution of Credit Institutions and Investment Firms Law.

## Section 113.

9 of 1968  
76 of 1977  
17 of 1979  
105 of 1985  
198 of 1986  
19 of 1990  
46(l) of 1992  
96(l) of 1992  
41(l) of 1994  
15(l) of 1995  
21(l) of 1997  
82(l) of 1999  
149(l) of 1999  
2(l) of 2000  
135(l) of 2000  
151(l) of 2000  
76(l) of 2001  
70(l) of 2003  
167(l) of 2003  
92(l) of 2004  
24(l) of 2005  
129(l) of 2005  
130(l) of 2005

98(I) of 2006  
124(I) of 2006  
70(I) of 2007  
71(I) of 2007  
131(I) of 2007  
186(I) of 2007  
87(I) of 2008  
49(I) of 2009  
99(I) of 2009  
42(I) of 2010  
60(I) of 2010  
88(I) of 2010  
53(I) of 2011  
117(I) of 2011  
145(I) of 2011  
157(I) of 2011  
198(I) of 2011  
64(I) of 2012  
98(I) of 2012  
190(I) of 2012  
203(I) of 2012  
6(I) of 2013  
90(I) of 2013  
74(I) of 2014  
75(I) of 2014  
18(I) of 2015  
62(I) of 2015  
63(I) of 2015  
89(I) of 2015  
120(I) of 2015.

Official Gazette

Annex One (I):

31.03.2015

05.06.2015.

Borrowing.

17.-(1) The Committee may determine whether the Deposit Guarantee Fund may provide to and/or receive a loan from other deposit guarantee schemes within the Union, in accordance with the conditions laid down in the regulations.

(2) The Committee may determine whether it may grant loans to other resolution financing arrangements within the Union or apply for borrowing from other resolution financing arrangements within the Union, in accordance with the conditions laid down in the regulations.

### PART III

#### RESPONSIBILITIES OF COMMITTEE AND DGS AND THEIR FINANCIAL MANAGEMENT

Committee.

18.-(1) While carrying out their duties, the members of the Committee shall neither seek nor receive instructions from the Council of Ministers, the Government or any other government or semi-government agency, body or organisation, and they are not subject to influence of any kind.

(2)(a) The Committee shall consist of five (5) members, including the Chairman.

(b) The Governor of the Central Bank is ex officio the Chairman.

(c) In case of the Chairman's absence or impediment, the Governor of the Central Bank

indicates a member of the Central Bank's staff as his alternate.

(3) The four (4) other members of the Committee shall be appointed by decision of the Central Bank's Governor and shall be-

(a) two (2) employees of the Central Bank, and

(b) two (2) employees of the Ministry of Finance, upon recommendation by the Minister of Finance.

(4) The Governor of the Central Bank shall appoint four (4) alternate members for the members referred to in subsection (3). The two (2) alternate members for the two (2) representatives of the Ministry of Finance shall be appointed by the Governor of the Central Bank upon recommendation by the Minister of Finance.

(5) The term of office of the Committee members referred to in subsections (3) and (4) shall be five years, but may be renewed and/or extended until appointment of a new Committee, provided that the extension does not exceed three (3) months.

(6) The office of any member of the Committee shall be vacated only in any of the following cases:

(a) in case that, in the opinion of the Governor of the Central Bank, the member is unable to perform his/her duties for health reasons or due to death;

- (b) in case of retirement or resignation from the Central Bank or the Ministry of Finance;
- (c) if, in the opinion of the Governor of the Central Bank, during the member's term of office, acts or omissions occur that question the member's credibility that is required for performing the member's duties;
- (d) via a letter of resignation as member of the Committee, which is accepted by the Governor of the Central Bank;
- (e) for any other serious reason which, in the opinion of the Governor of the Central Bank, affects the proper and/or effective operation of the Committee.

(7) Following the vacancy of any member's position, the Governor of the Central Bank, in consultation with the Minister of Finance, in the case of vacancy of the position of a member from the Ministry of Finance, shall arrange to fill that position as quickly as possible for the remaining term of office. Until the vacant position is filled, no vacancy shall affect the legal composition and functioning of the Committee, provided that the number of the remaining members is not smaller than the required number for the purposes of quorum, in accordance with the provisions of the regulations.

(8) The validity of any act or proceedings of the Committee shall not be affected by the vacancy of a member's position, provided that the number of members

is not smaller than three (3) at the time of the Committee's decision.

(9) The Committee's operating procedures are specified in the regulations.

Powers and responsibilities of the members of the Committee

19.-(1) The Committee shall have full authority for the management and administration of each Fund and specifically-

- (a) shall ensure that the Funds have sufficient financial resources;
- (b) shall calculate, impose and collect the contributions that shall be paid by the credit institutions to the Deposit Guarantee Fund;
- (c) in the case of contributions to the Resolution Fund, the Committee shall calculate the contributions in consultation with the Resolution Authority, impose these contributions and be responsible for their collection;
- (d) shall use the resources of each Fund, without prejudice to the provisions of section 4;
- (e) shall implement the investment policy of the Funds;
- (f) shall borrow, when necessary, in accordance with the provisions of section 17 and the regulations;

- (g) shall undertake any other duties and responsibilities required for the operation of each Fund;
- (h) pursuant to section 4(b), it shall carry out the necessary payments arising from resolution measures, by order of the Resolution Authority;
- (i) shall issue general or special directives to the institutions through circulars that are binding and disclose them in any manner it deems appropriate.

(2) The Committee may require from the credit institutions, directly or through the Central Bank, pursuant to the provisions of the Central Bank of Cyprus Law, as amended, and the Business of Credit Institutions Law, to submit data and/or information concerning each Fund's objective, within a specified deadline , which may include -

138(I) of 2002  
166(I) of 2003  
34(I) of 2007  
86(I) of 2013  
103(I) of 2013  
66(I) of 2014  
139(I) of 2014  
144(I) of 2014.

Official Gazette,  
Annex One (I):  
25.10.2013  
20.6.2014.

(a) information concerning liabilities for the calculation of regular or extraordinary contributions;

(b) balance sheet and income statement data;

- (c) any other details required.

It is provided that every credit institution, from which the Central Bank requires the submission of data and/or information, must comply with this requirement.

(3) The Committee:

- (a) shall be responsible for the collection of outstanding contributions, which must be paid in full,
- (b) shall adopt appropriate mandatory account reporting and other obligations in order to ensure full payment of outstanding contributions,
- (c) shall also ensure that measures are taken for proper verification of correct contribution payments,
- (d) shall ensure that measures are in place to prevent evasion, avoidance and abuse.

(4) In the event of a legal action, suit or other legal proceeding for compensations relating to any act or omission during the exercise of the powers and responsibilities of the Committee in accordance with the provisions of this Law, each member, as well as any other person who performs tasks assigned to it in order to achieve the objectives of the DGS, shall not be liable, unless it is proven that the act or omission was not in good faith or is the result of serious negligence.

- (5)(a) It is prohibited for Committee members, DGS personnel or any other person having access to, or knowledge of unpublished data and/or any other information that is proven to be not publicly known and concerns the DGS and/or a credit institution and/or the financial markets and/or a person affected by impending actions, or actions taken, or decisions of the DGS Committee, to provide, notify, disclose or use such information for own benefit.

It is provided that persons which fall into the scope of this subsection, continue to be liable for compliance with secrecy and confidentiality also after their withdrawal, discharge and/or completion of the work entrusted to them by the Committee.

- (b) Information as per paragraph (a) shall not be disclosed to any third party, except with the prior consent of the Committee.
- (c) The provisions of this subsection shall not apply in the case of provision of information to the relevant competent authorities or other bodies and/or persons, where such information is necessary for the performance of their duties.

- (6)(a) Where the condition provided in paragraph (a) of the definition of the term «unavailable deposit» in section 2(1) is met, but a court order has not been issued as referred to in the condition of paragraph (b) of the same definition, and the credit institution does

not apply within three (3) days the instructions of the Committee which are given in accordance with Regulation 12(1)(e) of the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme Regulations of 2016 to 2020, the Committee may take over the exclusive management of the accounts of the liquid funds which the credit institution maintains with the Central Bank and/or other credit institution in the Republic, for the sole purpose of repaying its covered deposits, and makes such payments within the timeframe and in accordance with the procedures determined in this Law.

(b) The Committee makes payments in accordance with the obligation for the maintenance of the amount of the liquid funds, as provided in Regulation 12(1)(e) of the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme Regulations of 2016 to 2020.

(c) The signatories of the relevant payment orders are determined by the Committee.

(d) In case where the Committee has taken over the management of the account of liquid funds in accordance with the provisions of this section, and a court order for liquidation of the credit institution is issued thereafter, the liquidator takes over the management.

(e) The provisions of this section shall apply without prejudice to the provisions of section 28.

DGS staffing.

20.-(1) The Central Bank shall ensure the provision of secretariat services to the DGS and within this context,

shall provide administrative and technical support to the DGS.

(2) The Central Bank shall provide sufficient human and financial resources to fulfil its duties of providing secretarial and technical support.

(3) The Central Bank shall recover directly from the institutions the reasonable expenses arising from the provision of administrative and technical support to the DGS. The contribution of each institution to cover these expenses shall be decided by the Central Bank.

Representation of  
DGS.

21.-(1) The DGS is represented by the Chairman or his alternate and bound by their signature.

(2) Without prejudice to subsection (1), the Chairman may assign the DGS representation, upon the approval of the Committee, to one or more members of the Committee, who bind the DGS by their signature.

Annual financial statements  
and audit.

22.-(1) The DGS financial year begins on 1 January of each year and ends on 31 December of the same year, with the exception of the first operating year of the DGS, which begins on the date of entry into force of this Law and ends on 31 December of the same year.

(2) The Committee shall prepare the DGS's annual financial statements for each financial year.

(3) No later than six (6) months after the beginning of each financial year, a summary report is prepared under

the responsibility of the Committee, on the operation of the DGS, including the operation of each Fund individually for the previous financial year.

(4) The report prepared by the Committee, as per the provisions of subsection (3), is submitted, together with the annual financial statements and the Auditor General's report, to the House of Representatives, the Central Bank and the Ministry of Finance.

(5) The audit of DGS financial management and the annual financial statements for each financial year is performed by the Auditor General of the Republic.

(6) The report of the Auditor General of the Republic shall be completed and submitted to the Committee at least twenty (20) days before the date of submission of the report to the House of Representatives, the Central Bank and the Ministry of Finance.

(7) The Auditor General of the Republic is entitled to access financial records, data and accounts of the DGS and of each Fund individually, and shall report to the Committee regarding any matter relating to the financial management of the DGS and his audit duties.

#### PART IV

#### GENERAL PROVISIONS

Supervision of DGS.

23. (1) The Designated Authority supervises the DGS, on a continuous basis, regarding its compliance with Directive 2014/49/EU.

(2) In case the DGS participates in a cross-border deposit guarantee scheme, this scheme shall be supervised by representatives of the Committee and by representatives of the designated authorities of the member states where the affiliated credit institutions are licensed.

Cooperation of  
authorities.

24.-(1) The DGS shall share information and communicate with the deposit guarantee schemes of other member states, their affiliated credit institutions and the competent and designated authorities of member states and with other agencies on a cross-border basis, where appropriate.

138(I) of 2001  
37(I) of 2003  
105(I) of 2012.

(2) The DGS shall have written cooperation agreements in place with other deposit guarantee schemes in order to achieve effective compliance of this Law, in accordance with the provisions concerning the confidentiality and personal data, as defined in the Law providing for the Protection of Natural Persons with regard to the Processing of Personal Data and for the Free Movement of such Data, and notifies the EBA of the existence and the content of such agreements. If the DGS cannot reach an agreement or if there is a dispute with another deposit guarantee scheme about the interpretation of an agreement, either party may refer the matter to the EBA, in accordance with Article 19 of Regulation (EU) No 1093/2010. The absence of such agreements shall not affect the claims of depositors, according to the provisions of section 27(1) of this Law or of credit institutions which are referred to in Regulation 19(4) of the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme Regulations.

Official Gazette,  
Annex Three (I):  
11.2.2016  
18.3.2016.

(3) In accordance with the provisions of section 19(5), the DGS shall preserve confidentiality regarding data protection, in accordance with the Law providing for the Protection of Natural Persons with regard to the Processing of Personal Data and for the Free Movement of such Data, when exchanging information with other competent supervisory authorities.

(4) The Committee –

(a) shall ensure that stress tests of the systems of the DGS are performed in cooperation with the Central Bank and that such tests take place at least every three years or more frequently if deemed necessary by the Committee.

(b) shall use the information necessary to perform stress tests to the DGS only for the performance of those tests and shall keep such information no longer than is necessary for that purpose.

(5) The EBA, the Central Bank, the Securities and Exchange Commission and the DGS shall cooperate with each other and exercise their powers, in accordance with the provisions of this Law, the Business of Credit Institutions Law, the Investment Services and Activities and Regulated Markets Law, as amended, and Regulation (EU) No 1093/2010.

(6) The Committee shall notify the European Commission and EBA of the identity of the DGS, immediately after the entry into force of this Law.

Investment Policy.

25. Apart from funds necessary to cover the direct expenses required for the operation of the DGS, including the amounts which are transferred to the Single Resolution Fund, the Committee shall invest part of the funds of each Fund in readily liquefiable and low-risk assets, ensuring the existence of readily available funds and sufficient diversification of the investments, in order not to affect the purposes of the DGS.

Recovery of operating expenses.

26. The Committee may recover from the institutions the reasonable operating expenses which are not covered by the Central Bank as per the provisions of section 20, including expenses -

(a) for legal and consultancy services; and

(b) for delegation of work to third parties;

Depositors' rights and DGS claims against third parties.

27.-(1) Depositors' rights to compensation may be the subject of an action against the DGS.

(2) If the eligible deposits of an institution under resolution are transferred to another entity via the sale of business measure or the measure to transfer assets, rights or liabilities to a bridge institution, the depositors have no right to compensation against the DGS concerning any part of their deposits in the institution under resolution which is not transferred, provided that the level of amounts transferred is equal to or greater than the total coverage level provided in the regulations.

(3) In case where the DGS compensates the depositors of a credit institution in accordance with

subparagraph (i) of paragraph (a) of section 4 and paragraph (a) of section 10(1), the following apply:

(a) Where the condition provided in paragraph (a) of the definition of the term «unavailable deposit» in section 2(1) is met, and the competent authority has revoked the operating licence of the credit institution in accordance with the applicable legislation, but a court order has not been issued, as referred to in the condition of paragraph (b) of the same definition, the DGS shall claim and recover directly from the credit institution an amount equal to the payments that it makes for the compensation of the depositors of the credit institution;

(b) for the implementation of the actions mentioned in paragraph (a), the DGS shall notify in writing the credit institution or, according to the case, the Special Administrator who is appointed in accordance with section 46 of the Resolution of Credit Institutions and Investment Firms Law, to take appropriate actions for the payment of the said amount to the DGS out of the liquid funds of the credit institution, as these are defined in the regulations, within a deadline of thirty (30)

days from the date of submission of the claim by the DGS;

(c) upon receipt of the written notice which is mentioned in paragraph (b), the credit institution or, according to the case, the Special Administrator, within the deadline set in paragraph (b), evaluates the adequacy of the liquid funds of the credit institution and-

(i) provides written assurance to the DGS that the amount of liquid funds of the credit institution is already below the amount of double the estimated total amount of claims that have priority against covered deposits in normal insolvency proceedings in accordance with section 330 of the Business of Credit Institutions Law and does not make any payment to the DGS prior to the issuance of a court order for liquidation; or

66(I) of 1997  
74(I) of 1999  
94(I) of 2000  
119(I) of 2003  
4(I) of 2004  
151(I) of 2004  
231(I) of 2004  
235(I) of 2004  
20(I) of 2005  
80(I) of 2008  
100(I) of 2009  
123(I) of 2009  
27(I) of 2011  
104(I) of 2011  
107(I) of 2012  
14(I) of 2013  
87(I) of 2013

102(I) of 2013  
141(I) of 2013  
5(I) of 2015  
26(I) of 2015  
35(I) of 2015  
71(I) of 2015  
93(I) of 2015  
109(I) of 2015  
152(I) of 2015  
168(I) of 2015  
21(I) of 2016  
5(I) of 2017  
38(I) of 2017  
169(I) of 2017  
28(I) of 2018  
89(I) of 2018  
153(I) of 2018  
80(I) of 2019  
149(I) of 2019  
21(I) of 2020  
73(I) of 2020  
28(I) of 2021  
94(I) of 2021  
95(I) of 2021.

(ii) provides written assurance to the DGS that the balance of liquid funds, after the payment to the DGS, is equal or greater than the amount of double the estimated total amount of claims that have priority against covered deposits in normal insolvency proceedings in accordance with section 33O of the Business of Credit Institutions Law, in order to ensure their repayment in liquidation, and pays to the DGS an amount equal to the difference between the balance of liquid funds and the amount of

double the estimated total amount of claims that have priority against covered deposits, up to a maximum amount being the total amount of the claim of the DGS, in accordance with the written notice provided for in paragraph (b);

(d) in case the payment that the DGS receives, in accordance with paragraph (c), does not cover the total amount of the claim included in the written notice provided for in paragraph (b), for the remaining amount, the DGS shall have the right of subrogation to the rights of depositors in liquidation proceedings, until the full settlement of its claim;

(e) the procedure provided in paragraphs (a) to (d) shall not affect the order of priority of the covered deposits in liquidation in accordance with section 33O of the Business of Credit Institutions Law;

(f) where the condition provided in paragraph (b) of the definition of the term «unavailable deposit» in section 2(1) is met, the DGS shall have the right of subrogation to the rights of depositors in winding up or reorganisation proceedings for an amount equal to the amount of payments that the DGS makes.

(3A) Where the DGS makes payments in accordance with subparagraph (ii) of paragraph (a) and paragraph (b) of section 4, paragraph (b) of section 10(1) and section 14(1), the DGS shall have a claim against the relevant credit institution for an amount equal to the payments that the DGS makes, and the

said claim is ranked in the same order of priority as the covered deposits in accordance with section 330 of the Business of Credit Institutions Law.

(4) Depositors whose deposits were not repaid or recognised by the DGS within the deadlines specified in the regulations, may claim repayment of their deposits within two (2) years from the date on which such deposits become unavailable.

(5) In cases where legal proceedings exist in connection with a covered deposit, the deadline referred to in subsection (4) shall not apply.

Imposition of penalties.

28.-(1) In the event that an institution does not comply with any of its obligations or commitments, including the obligation to provide information or pay contribution or any outstanding amount, which arises under this Law, the regulations or the circulars or directives issued by the Committee-

(a) the Committee informs immediately the Central Bank, which in cooperation with the Committee, shall decide, if necessary, the imposition of any penalty, as provided for by the Business of Credit Institutions Law. The provisions of this Law which allow the Central Bank to impose such penalties, shall apply *mutatis mutandis* for the purposes of this Law;

(b) without prejudice to paragraph (a), the Committee, after calling the institution to use its right to be heard, may impose an administrative fine for each infringement, not

exceeding one hundred thousand euro (€100.000), depending on the seriousness of the infringement. If the infringement continues, it may impose an administrative fine, depending on the seriousness of the infringement, of an amount not exceeding ten thousand euro (€10.000) for each infringement;

- (c) in the event that an institution omits to pay the due amount referred to in paragraph (b) within the given deadline, the Committee may impose interest on the amount due, at a rate not exceeding the interest on overdue public debt, in accordance with the provisions of the Single Overdue Public Debt Rate Law.

167(I) of 2006  
118(I) of 2012.

- 2(a) In the event that the measures referred to in subsection (1) do not ensure the compliance with the obligations of any member, the Committee, following the explicit consent of the Central Bank, and in the case of a credit institution with a registered head office outside the Republic, after consultation with the supervisory authority of the country where the head office exists, may exclude the credit institution from the DGS, giving it a deadline of at least one month to fulfil its obligations. Any deposits made before the expiry of this deadline shall continue to be covered by the DGS to the extent provided for in the regulations.

- (b) If, after the expiry of the deadline referred to in paragraph (a), the credit institution continues to be incompliant with its obligations, the Committee shall exclude the credit institution from the DGS and inform the depositors with a relevant announcement in the daily press.
  - (c) Deposits existing on the date of the credit institution's exclusion from participation in the DGS are still covered by the DGS.
- (3)(a) In the case of exclusion of a credit institution from the DGS, the Central Bank shall revoke its operating licence.
- (b) With regard to a branch of a credit institution which has its head office outside the Union, the provisions of paragraph (a) shall not apply if the credit institution makes other arrangements to cover its depositors, at least to the level and the extent provided for by the DGS.

## PART V

### FINAL AND TRANSITIONAL PROVISIONS

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| Repeal of law.<br>16(I) of 2013<br>108(I) of 2013.<br>Official Gazette | 29. As of the date of entry into force of this Law, the Establishment and Operation of Deposit Protection and Resolution of Credit and Other Institutions Scheme Laws of 2013 and the Establishment and Operation of Deposit |
|--|--|

Annex Three (I): 22.3.2013 19.12.2014.	Protection and Resolution of Credit and Other Institutions Scheme Regulations of 2013 and 2014 are repealed.
Transitional provision for the continuation of previous decisions and agreements.	30.-(1) Irrespective of the provisions of sections 5, 18 and 29, the Committee which was established in accordance with the provisions of section 3(3) of the Laws which are repealed as per section 29, continues to exist and is regarded and operates as the Designated Authority for the purposes of this Law. As of the date of entry into force of this Law, the members of the Committee, who were appointed as per section 15(4) and (5) of the Laws which are repealed by section 29 of this Law, continue to maintain their positions in the Committee as at the date of entry into force of this Law, until the expiry of their term in accordance with the repealed Laws.  (2) Section 29 shall not affect the enforcement and validity of any decisions taken and agreements entered into by the Committee in the context of the law which is repealed by the said section.
Continuation of coverage of deposits.	31. In the event that certain deposits or categories of deposits or other means cease to be covered wholly or partially by the DGS on or after the date of entry into force of this Law, the deposits and other instruments which have an initial maturity date, continue to be covered until their initial maturity date if they were paid in or issued before 2 July 2014.
Authority to issue regulations.	32.-(1) The Council of Ministers issues the regulations in order to serve the purposes of this Law.

(2) The Committee, subject to the approval of the Council of Ministers, may issue supplementary and/or amending regulations of the provided regulations under subsection (1).

Abolition of the Deposit  
Guarantee Fund for CCI.

33. The established, under the provisions of this Law, Deposit Guarantee Fund for CCI is abolished and the total funds, including the invested funds which are held at an account with the Central Bank for its benefit, are transferred to the Deposit Guarantee Fund.