

**Framework Rules  
for the  
Institutional Protection Scheme  
of the Savings Banks Finance Group**

Adopted at the General Meeting of  
Deutscher Sparkassen- und Giroverband e.V.  
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**Framework Rules  
for the Institutional Protection Scheme  
of the Savings Banks Finance Group  
("Framework Rules")**

**Preamble**

The Savings Banks Finance Group operates a scheme to safeguard the solvency and liquidity of its members within the meaning of Article 113(7) of the CRR ("**Protection Scheme**"), for which the Recognised IPS Fund ("**Recognised IPS Fund**" or "**RIF**") governed by Part 1 of these Framework Rules has been established and the Additional IPS Fund ("**Additional IPS Fund**" or "**AIF**") governed by Part 2 of these Framework Rules is being established. The Recognised IPS Fund is an institutional protection scheme recognised as a deposit guarantee scheme under Section 2(1) no. 2 in conjunction with Section 43 of the Deposit Guarantee Act ("**Deposit Guarantee Act**").

Under the umbrella of the German Savings Banks Association ("**DSGV**"), the Protection Scheme consists organisationally of 13 functionally connected subfunds

- of the regional savings banks associations,
- of the *Landesbanken* and *Girozentralen*, and
- of the *Landesbausparkassen*

("subfunds"), whereby those of the regional savings banks associations are referred to in these Framework Rules as "**savings bank subfund**", those of the *Landesbanken* and *Girozentralen* as "**Landesbanken subfund**" and those of the *Landesbausparkassen* as "**LBS subfund**". Two separate subpools ("**subpool**") are assigned to each of these subfunds, namely one subpool assigned to the Recognised IPS Fund ("**Recognised IPS Subpool**") and one section assigned to the Additional IPS Fund ("**Additional IPS Subpool**").

All publicly owned and independent savings banks are members of the savings bank subfunds. For the savings bank subfunds and the related Recognised IPS Subpool ("**Recognised IPS Subpool Savings Banks**") and Additional IPS Subpool ("**Additional IPS Subpool Savings Banks**"), the regional savings banks associations have adopted rules on the basis of the Model Rules as specified in Part 1 Chapter 2 of the present Framework Rules. There is a Supraregional RIF Compensation Mechanism between the savings bank subfunds relating to the Recognised IPS Subpool under Part 1 Chapter 3 of these Framework Rules and a Supraregional AIF Compensation Mechanism relating to the Additional IPS Subpool under Part 2 Chapter 2 of these Framework Rules.

For the *Landesbanken* and *Girozentralen* and for the *Landesbausparkassen*, there are independent Recognised IPS Subpools ("**Recognised IPS Subpool Landesbanken**", "**Recognised IPS Subpool LBS**") under Part 1 Chapter 4 and Part 1 Chapter 5 of the present Framework Rules and independent Additional IPS Subpools ("**Additional IPS Subpool Landesbanken**", "**Additional IPS Subpool LBS**") under Part 1 Chapter 4 and Part 1 Chapter 5 of the present Framework Rules.

The Protection Scheme uses the means of the Recognised IPS Fund to ensure that the legal right of the customers of Member Institutions to payment of their deposits under the Deposit Guarantee Act can be satisfied (“**Deposit Guarantee**”) when claims for compensation are filed. The exclusive contact and the only party against which claims for damages can be filed by depositors within the framework of the deposit guarantee scheme is the DSGV, which, in accordance with these Framework Rules, can have recourse for this purpose to the means of the Recognised IPS Subpools forming the Recognised IPS Fund, which are classified as earmarked, dependent special assets.

The primary objective of the Protection Scheme is to prevent compensation cases and to protect the Member Institutions themselves, in particular to safeguard their liquidity and solvency (“**institutional protection**”). To do this, the Protection Scheme may, in accordance with these Framework Rules, access the means of the Recognised IPS Subpools forming the Recognised IPS Fund as earmarked, dependent special assets and – from 1 January 2025 – the means of the Additional IPS Subpools forming the Additional IPS Fund as additional earmarked, dependent special assets.

The means of the Protection Scheme are not public funds.

**Part 1**  
**Rules Governing the Protection Scheme and the Recognised IPS Fund**

**Chapter 1**  
**Rules for the Protection Scheme**

**I. Functions of the Protection Scheme, Member Institutions**

**§ 1 Functions of the Protection Scheme, Recognised IPS Fund**

- (1) Deutscher Sparkassen- und Giroverband e.V. (DSGV – German Savings Banks Association) is the legal entity representing the Savings Banks Finance Group’s Institutional Protection Scheme, which is recognised as a deposit guarantee scheme in accordance with Section 43 of the Deposit Guarantee Act. The Protection Scheme serves institutional protection functions in accordance with Article 113(7) of the CRR and to compensate depositors in accordance with Sections 5 to 16 of the Deposit Protection Act for institutions belonging to the scheme (deposit guarantees).
- (2) To fulfil these functions, the Protection Scheme has established the Recognised IPS Fund in accordance with these Framework Rules. The Recognised IPS Fund comprises 13 functionally connected Recognised IPS subpools of the regional savings bank associations based on the Model Rules specified in Part 1 Chapter 2, of the *Landesbanken* and *Girozentralen* specified in Part 1 Chapter 4, and of the *Landesbausparkassen* specified in Part 1 Chapter 5.
- (3) The Protection Scheme informs the European Central Bank (“**ECB**”), the Federal Financial Supervisory Authority (“**BaFin**”) and the Deutsche Bundesbank in the context of their respective supervisory responsibilities about the activity of the Protection Scheme in accordance with the provisions of these Framework Rules and the applicable laws.

**§ 2 Member Institutions**

- (1) The institutions that are members of the Protection Scheme (“**Member Institutions**”) are the institutions specified in the following paragraphs.
- (2) The Protection Scheme has as its members the member savings banks of the regional associations that have adopted Rules as specified in Part 1 Chapter 2, where the designations of boards and committees, if necessary, may have to be adapted to the respective association law. Other deviations from Part 1 Chapter 2 due to regional specificities shall not preclude Protection Scheme membership of the savings banks that are members of a given regional association, providing that the Protection Scheme has confirmed in writing that the adaptations required are unobjectionable. Member savings banks shall be obliged to provide the guarantee statements specified in Chapter 2 § 43(8) and (14).
- (3) In addition, the Protection Scheme has as its members the member institutions of the *Landesbanken* subfund as specified in Part 1 Chapter 4, § 77. Member institutions shall be obliged to provide the guarantee statements specified in Part 1 Chapter 4 § 82(11).

- (4) Last but not least, the Protection Scheme has as its members the member institutions of the LBS subfund as specified in Part 1 Chapter 5, § 104. Member institutions are obliged to provide the guarantee statements specified in Part 1 Chapter 5 § 109(11).
- (5) The Protection Scheme shall also include members associated on the basis of an association agreement. Institutions that are already associated and those that become associated in the future are obliged to provide the guarantee statement in accordance with the association agreement.

### **§ 3 Withdrawal from the Protection Scheme**

- (1) A member institution of the subfund of the *Landesbanken* and *Girozentralen*, the LBS subfund or the subfund of a regional association in which membership is not mandatory by law shall withdraw from the Protection Scheme upon termination of its membership. Membership may be terminated in writing at any time, as at the end of a calendar year, by giving two years' notice to the Protection Scheme. The Protection Scheme may reduce the period of notice with the consent of the institution concerned.
- (2) The member savings banks of a regional association shall withdraw from the Protection Scheme if (i) the regional association resolves to amend the Rules for its savings bank subfund compared with the Model Rules set out in Part 1 Chapter 2 and the management of the Protection Scheme has objected to these amendments in accordance with Part 1 Chapter 2 § 69(1), (ii) the regional association has not amended its Rules within a reasonable period specified by the Protection Scheme in order to implement an amendment of the Framework Rules of the Protection Scheme in accordance with Part 1 Chapter 2 § 68(1) sentence 3 incorporated as an annex to its Rules, or (iii) the regional association resolves to wind up the savings bank subfund concerned. The institutions concerned shall withdraw from the Protection Scheme upon entry into force of the amendment to the rules under sentence 1 (i), the expiry of the period specified by the Protection Scheme under sentence 1 (ii) or of the wind-up resolution in accordance with sentence 1 (iii).
- (3) Furthermore, a Member Institution shall withdraw from the Protection Scheme two years after the termination of its membership or, in the case of savings banks that are members of regional associations, two years after the termination of the relevant regional association's membership in the DSGVO. If a member institution voluntarily withdraws from the DSGVO as specified in Article 5(1)(b) of the DSGVO's Rules, the two-year period shall begin to run on the date when the notice of withdrawal is received. Sentence 1 applies, *mutatis mutandis*, to institutions associated with the *Landesbanken* subfund, if the prerequisites to their association as specified in Part 1 Chapter 4, § 77(2) no longer apply.
- (4) The period in accordance with § 3 sentence 1 above can be prolonged at a maximum until 31 December of the year following the year in which the institution would withdraw from the Protection Scheme in accordance with § 3 sentence 1 ("prolongation"). In addition to compliance with all requirements of these Framework Rules, prolongation requires that the economic stability of the institution is sufficiently demonstrated and is ensured by a corresponding alignment of its business policy. There is no legal entitlement to prolongation.

The prolongation shall be agreed by way of an agreement entered into by the institution, the DSGVO and any other parties involved. The decision on the prolongation shall be resolved by a

three-quarters majority of the votes represented at the DSGV's General Meeting, or in accordance with Part 1 Chapter 4 § 102(2) sentence 1 in the case of member institutions of the *Landesbanken* subfund.

From the date on which the agreement is entered into until the institution withdraws from the Protection Scheme, it shall be subject as a minimum to the information obligations and auditing and intervention rights corresponding to monitoring level "red" in accordance with the Risk Monitoring Principles of the Protection Scheme of the Savings Banks Finance Group, regardless of the actual allocation of the institution to a monitoring level.

- (5) Should a Member Institution withdraw from the Protection Scheme in accordance with - § 3, said institution shall be subject to Section 47(4) sentences 1 and 2 of the Deposit Guarantee Act, i.e. the institution concerned shall be assigned to a statutory compensation scheme in accordance with Section 24(1) of the Deposit Guarantee Act to which all payments and contributions of the institution to the Recognised IPS Fund shall be transferred, in accordance with Section 25(2) of the Deposit Guarantee Act, that were made by the institution during the twelve months prior to its leaving the Protection Scheme, except for special contributions, additional contributions and special payments. The Protection Scheme, the subfunds, the Recognised IPS Fund and the Recognised IPS Subpools comprising it shall not be obliged to make any other payments either for the purposes of institutional protection or for deposit protection.
- (6) The Protection Scheme shall be entitled to inform the depositors of the institution concerned in a suitable manner about the institution's leaving the Protection Scheme and the associated legal consequences, unless the institution concerned informs its own depositors without delay in accordance with Section 25(3) of the Deposit Guarantee Act.

#### **§ 4 Exclusion from the Protection Scheme**

- (1) If a Member Institution of the Protection Scheme fails to comply with its obligations to make contributions, provide information, make payments or cooperate in accordance with these Framework Rules, or if a Member Institution fails to do so properly, completely or in time, the Protection Scheme shall inform the ECB, BaFin and Deutsche Bundesbank about this and set a time limit of at least one month for the institution concerned to comply with its obligations.
- (2) If the Member Institution fails to comply with its obligations within the additional time period granted, the Protection Scheme may notify the Member Institution that it will be excluded from the Protection Scheme within a period of an additional month (exclusion period).
- (3) If the Member Institution fails to comply with its obligations within this exclusion period, it can be excluded from the Protection Scheme with the approval of BaFin.
- (4) Deposits taken by the institution until its exclusion shall be covered by the Recognised IPS Fund's deposit guarantee even after the institution's exclusion from the Protection Scheme. The Protection Scheme, the subfunds, the Recognised IPS Fund and the Recognised IPS Subpools comprising it shall not be obliged to make any other payments either for the purposes of institutional protection or for deposit protection.

- (5) The Protection Scheme shall be entitled to inform the depositors of the institution concerned in a suitable manner about the institution's exclusion from the Protection Scheme and the associated legal consequences, unless the institution concerned informs its own depositors without delay in accordance with Section 41(4) of the Deposit Guarantee Act.

## II. Organisation of the Protection Scheme

### § 5 Management of the Protection Scheme

- (1) The management of the Protection Scheme shall consist of two members appointed by the Protection Scheme's governance body. It shall be composed of a member of the DSGV's management with technical responsibility and an employee of the DSGV with technical responsibility. They shall legally represent the DSGV in matters relating to the Protection Scheme and exercise the rights and powers assigned to the Protection Scheme by these Framework Rules.
- (2) The managers of the Protection Scheme shall perform their duties in accordance with the present Framework Rules and Rules of Procedure to be adopted by the governance body. The duties of the management of the Protection Scheme under sentence 1 also include
- ensuring the uniform application and conceptual further development of the Risk Monitoring Principles (Part 1 Chapter 7), including any supplementary requirements and scenario calculations as well as the principles for the risk-based computation of contributions (Part 1 Chapter 6) and the principles for the computation of contributions to the Additional IPS Fund (Part 2 Chapter 3),
  - preparing meetings and decisions of the Transparency Committee, the *Landesbanken* subfund and its Monitoring Committee,
  - coordinating the subfunds forming the Protection Scheme and their sections in fundamental issues relating to fund management,
  - reporting in particular to the governance body on issues material for the Protection Scheme,
  - the regular performance of stress tests, among other things with regard to the support capacity of the Protection Scheme and reporting on the results as well as conclusions and course of action for the Protection Scheme, and
  - keeping evidence of compensation cases, restructuring and support measures.

The Rules of Procedure shall specify the transactions for whose implementation the Protection Scheme's managers shall need the approval of the governance body of the Protection Scheme. The Rules of Procedure should also specify the conditions for delegating responsibilities and powers to DSGV employees.

- (3) The Protection Scheme shall be provided with the human and physical resources required in accordance with Section 43(2) No. 3 of the Deposit Guarantee Act. The subfunds shall bear the costs incurred in proportion to their RIF target levels.

- (4) By way of derogation from § 3 sentence 2, the costs of the Protection Scheme incurred on or after 1 January 2025 that are attributable directly to the Recognised IPS Fund shall be borne by the Recognised IPS Subpools in proportion to their RIF target levels, and the costs that are directly attributable to the Additional IPS Fund shall be borne by the Additional IPS Subpools in proportion to their AIF target levels. The remaining costs of the Protection Scheme incurred on or after 1 January 2025 shall be divided between the Recognised IPS Fund and the Additional IPS Fund in the ratio of the target level of the Recognised IPS Fund under Section 17(2) sentence 1 of the Deposit Guarantee Act (“**RIF target level**”) and the target level of the Additional IPS Fund under Part 2 Chapter 1 § 134(3) (“**AIF target level**”). Sentence 1 applies, mutatis mutandis, to the distribution of the costs thus apportioned within the Recognised IPS Fund and the Additional IPS Fund.

## § 6 Governance Body of the Protection Scheme

- (1) The DSGV Managing Board – as the governance body of the Protection Scheme – shall be responsible for supervising the management of the Protection Scheme. The governance body of the Protection Scheme is the governance body under Section 43(2) no. 2 of the Deposit Guarantee Act.
- (2) As a rule, the governance body of the Protection Scheme makes decisions by a simple majority of votes cast. Abstentions do not count as votes cast. When decisions are taken by the full DSGV Executive Managing Board in its capacity as the Protection Scheme’s governance body as specified in sentence 1 above, the President and the members of the DSGV’s management shall have no right to vote.
- (3) By way of derogation from § 2 sentence 1, the governance body shall decide in the case of resolutions over support measures under § 24(7) in conjunction with § 26(2) on the application of at least 10% of the members of the governance body by a weighted majority of the votes cast by its members (“**weighted majority**”). In the case of decisions by a weighted majority, the votes of the members are determined as follows:
- Each member of the governance body shall have one basic vote. § 2 sentence 3 shall not apply.
  - Each member of the governance body representing a direct share of the RIF target level has an additional vote. Members within the meaning of sentence 1 are the chairs of the associations, the *Girozentrale* managers and the Chair of the *Bausparkassen* Conference.
  - Each member of the governance body within the meaning of the 2nd indent that represents at least 5% of the RIF target level, has two additional votes by way of derogation from sentence 1 of the 2nd indent. If a member represents a share of at least 10% of the RIF target level, the member has three additional votes by way of derogation from sentence 1. The decisive factor for calculating a member’s share of the RIF target level under sentences 1 and 2 shall be the share on 31 December of the year prior to the decision; if the data necessary for calculating the share are not yet available to the Protection Scheme at the time of the resolution, the calculation shall be based on 31 December of the preceding year.

- Starting on 1 January 2025, in addition to the RIF target level, the AIF target level shall additionally be included in the calculation of shares according to the 3rd indent.

In the case of a resolution by the governance body by a weighted majority, the basic votes and the additional votes of a member shall be added to together; they may only be cast in the same way. Abstentions do not count as votes cast relating to the basic and additional votes of a member.

- (4) The Protection Scheme's governance body shall adopt its Rules of Procedure which will deal with details of its decision-making procedure and its internal organisation.
- (5) In accordance with Section 36(2) of the Deposit Guarantee Act, the governance body shall define the details of the audits in accordance with Section 35 of the Deposit Guarantee Act in the audit guidelines in accordance with Section 36(2) of the Deposit Guarantee Act of the institutional protection scheme recognised as a deposit guarantee scheme (Part 1 Chapter 8), and shall obtain the authorisation for this from BaFin.

## **§ 7 Transparency Committee**

- (1) The Protection Scheme shall set up a Transparency Committee. It has eight members, including
  - three representatives of the savings bank subfunds of the regional associations, to be appointed by the regional associations' chairmen,
  - two representatives of the *Landesbanken* subfund, to be appointed by the ordinary member institutions of the *Landesbanken* subfund,
  - one representative of the LBS subfund, to be appointed by the *Bausparkassen* Conference, and
  - the members of the management of the Protection Scheme.
- (2) The Transparency Committee's tasks shall in particular be:
  - to assess the risk exposure of the individual subfunds and of the Protection Scheme as a whole,
  - to assess the transparency of the risk exposure of the individual subfunds and of the Protection Scheme as a whole,
- (3) Further details are governed by the Risk Monitoring Principles (Part 1 Chapter 7).

## **§ 7a Audit Unit**

- (1) A subordinated unit of the Protection Scheme shall be established for the assessment and evaluation of risks, undesirable developments and concrete threats at Member Institutions so as to strengthen the effectiveness of the Protection Scheme with regard to the early detection of risks by means of qualified audits and recommendations based on the findings of the audits ("**Audit Unit**").

- (2) The details, including the organisational structure, tasks, powers, duties and costs of the Audit Unit are determined by the governance body. These include the right to attend meetings of bodies, boards and committees of the Protection Scheme. The reason for an audit by the Audit Unit, including the planned audit content, shall be documented in writing before the audit procedures begin. The costs of audits by the Audit Unit shall be borne by the audited institutions. The Audit Unit shall report to the management of the Protection Scheme on its activities and the findings of its audits. It shall report on the results of its audits to the management of the Protection Scheme and to the other bodies determined by way of a resolution by the governance body. The audited institution and the subfund concerned shall be notified of the results of the audit. The Audit Unit determines the manner of its activities within the specified framework on its own responsibility; it is not subject to any instructions with regard to the results of its audit activities.
- (3) The Audit Unit may be engaged to perform audits by the governance body, the management of the Protection Scheme as well as by the subfund concerned or by a body of the subfund concerned responsible for risk monitoring to which the Member Institution to be audited belongs.
- (4) Subject to a decision under subsection (3), audits by the Audit Unit shall only be performed at the institutions and for the reasons set out in the following:
  - (a) The Audit Unit may only perform audit procedures at the following Member Institutions:
    - all member institutions of the *Landesbanken* subfund;
    - all member institutions of the LBS subfund;
    - all member savings banks of a savings bank subfund to which the following criteria apply:
      - Institutions with a particular risk exposure: Institutions for which (i) classification as an institution with a particular risk exposure in line with the Risk Monitoring Principles of the Protection Scheme of the Savings Banks Finance Group (Part 1 Chapter 7) lasts longer than 12 months and (ii) the total risk exposure amount exceeds 5% of the aggregated total risk exposure amount of all member savings banks of the savings bank subfund concerned; or
      - Institutions with an increased risk exposure: Institutions for which (i) classification as an institution with an increased risk exposure in line with the Risk Monitoring Principles of the Protection Scheme of the Savings Banks Finance Group (Part 1 Chapter 7) lasts longer than 12 months and (ii) the total risk exposure amount exceeds 5% of the aggregated total risk exposure amount of all member savings banks of the Savings Bank subfund concerned, if (iii) the aggregated total risk exposure amounts of the member savings banks of the relevant Savings Bank subfund that have an increased or higher risk exposure in line with the Risk Monitoring Principles of the Protection Scheme of the Savings Banks Finance Group (Part 1 Chapter 7) are more than 40% of the aggregated total risk exposure amount of all member savings banks of the relevant Savings Bank subfund.

(b) The Audit Unit may only perform audit procedures at the institutions referred to in (a) if and to the extent that one of the following reasons applies:

- matters arising from the results of the risk monitoring of the Protection Scheme following a decision by the management of the Protection Scheme;
- matters arising from external events or triggers relevant to the Savings Banks Finance Group following a decision by the management of the Protection Scheme.

(5) The Audit Unit may be engaged to perform audits under the Deposit Guarantee Act at the member institutions of the *Landesbanken* subfund within the scope of the determinations under § 6 (5).

## **§ 8 Secrecy and Data Confidentiality**

- (1) All those who are involved in compensation measures or institutional protection measures or who become active for the purposes of the Protection Scheme, a subfund, the Recognised IPS Fund and/or the Additional IPS Fund shall be obliged to maintain confidentiality with regard to all operations and information of which they become aware in connection with their activities. This also applies to employees and to the members of institutions, bodies and committees and shall continue to apply after the termination of their activities.
- (2) This shall not affect the right to disclose information to supervisory and audit authorities in accordance with statutory provisions.
- (3) The governance body is entitled to resolve to require the issuance of declarations of confidentiality under penalty of law by its members, the members of other bodies and entities and the members of the Protection Scheme, including the subfunds, to the extent that this appears to be necessary to ensure confidentiality in line of the special circumstances of an individual case.

## **§ 9 Information and Notification Requirements**

- (1) The Protection Scheme shall pass on the Member Institutions' yearly notification of their covered deposits, in aggregate form, to BaFin, the Deutsche Bundesbank and the resolution authority by 31 January of each year.
- (2) The Protection Scheme shall notify the responsible savings banks supervisory authority if member savings banks have failed to fulfil their obligations under Part 1 Chapter § 49 and § 50. The ECB and BaFin shall notify if the member institutions fail to fulfil their obligations under Part 1 Chapter 4 § 87 and § 88 and from Part 1 Chapter 5 § 114 and § 115.
- (3) The Protection Scheme shall notify the ECB and BaFin without delay of the following circumstances:
  - a resolution to amend the Rules;
  - the appointment and departure of managers;
  - the appointment and departure of members of the governance body;

- the intention of the bodies to bring about a decision to cease official recognition of or to dissolve the Recognised IPS Fund.

#### **§ 10 Annual Report and Annual Financial Statements**

- (1) After the end of the calendar year, the Protection Scheme shall draw up an annual report for the Recognised IPS Fund and submit it to BaFin and to the Deutsche Bundesbank by 31 May. The Annual Report shall comprise the following information:
  - information on the activities and financial position of the Protection Scheme, in particular the amount and investment of the available means of the Recognised IPS Fund and their use for compensation cases;
  - information on the level of contributions;
  - information on the costs of administration;
  - an update on the savings plan in accordance with Section 45(2) of the Deposit Guarantee Act.
- (2) The Protection Scheme shall prepare annual financial statements for the Recognised IPS Fund, covering all of the Recognised IPS Subpools.

#### **§ 11 Cooperation with Deposit Protection Schemes in Other Member States of the European Economic Area**

In accordance with Section 56(3) of the Deposit Guarantee Scheme, the Protection Scheme shall conclude a cooperation agreement with the deposit guarantee schemes in the European Economic Area whose member institutions operate branch offices in Germany and which have been listed by BaFin within the framework of the procedure under Section 53b of the German Banking Act.

### **III. Deposit Guarantee Provided by the Protection Scheme**

#### **§ 12 Rights and Obligations of the Protection Scheme under the Deposit Guarantee Act**

The Member Institutions shall be obliged to provide the Protection Scheme with all the information which the Protection Scheme needs to fulfil its obligations under the Deposit Guarantee Act. The Protection Scheme shall have all the rights vis-à-vis these institutions which the Protection Scheme needs to fulfil its obligations under the Deposit Guarantee Act.

#### **§ 13 Available Means within the Framework of the Deposit Protection Scheme, Borrowing**

- (1) For the purpose of deposit protection, the Protection Scheme shall, as specified in Part 1 Chapter 2, Chapter 4 and Chapter 5 have full access to the means of the Recognised IPS Fund, which comprise the Recognised IPS Subpools Savings Banks, the Recognised IPS Subpool *Landesbanken* and the Recognised IPS Subpool LBS. The means under sentence 1 are available means

of the Recognised IPS Fund within the meaning of Section 18 of the Deposit Guarantee Act. If these means are not sufficient in a compensation event and if the financial requirements identified cannot be covered in time by collecting special contributions, the Protection Scheme shall be authorised and obliged to borrow the necessary funds.

- (2) In a compensation event (Section 10 of the Deposit Guarantee Act), the Protection Scheme is expected to mainly draw on the means of the Recognised IPS Subpool of the subfund at which the institution concerned is a member, unless this adversely affects the payment of compensation claims within the period specified in Section 14(3) of the Deposit Guarantee Act. Should these means not be sufficient, the Protection Scheme shall draw on the means of the other Recognised IPS Subpools in proportion to the RIF target levels, to be treated internally as loans granted to the Recognised IPS Subpool at which the institution concerned is a member. If the Recognised IPS Subpool concerned is a Recognised IPS Subpool Savings Banks, sentence 2 applies with the proviso that the Protection Scheme is expected to first draw on the means of the other Recognised IPS Subpools Savings Banks and, only if they are not sufficient, on the means of the other Recognised IPS Subpools.

#### **§ 14 Internal Pooling of Means among the Subfunds**

- (1) If the sum total of the own means of the Recognised IPS Subpool in question and loans taken out by a subfund to handle a compensation case exceeds the target volume of the relevant Recognised IPS Subpool (“**RIF target volume**”), the amount in excess shall be pooled by the other Recognised IPS Subpools in accordance with the following paragraphs.
- (2) § 32(2) applies, mutatis mutandis, to the pooling of means.
- (3) If the Recognised IPS Subpool involved is a Recognised IPS Subpool Savings Banks, the amount in excess shall first be covered by the other Recognised IPS Subpools Savings Banks in application of Part 1 Chapter 3, § 71(2) and (3) mutatis mutandis.

#### **§ 15 Transfer of Assets in the Event of Revocation of the Recognition as a Deposit Protection Scheme**

- (1) Should BaFin revoke its recognition of the Protection Scheme as a deposit guarantee scheme within the meaning of Section 46 of the Deposit Guarantee Act, the Protection Scheme shall inform the Member Institutions about this fact and about the statutory compensation scheme to which they have been assigned. In accordance with § 13, the Protection Scheme shall, within a period of five working days, transfer the available means up to the amount referred to in Section 17(2) of the Deposit Guarantee Act to the statutory compensation scheme(s) specified by BaFin.
- (2) Should the available means in accordance with § 13 be in excess of the amount referred to in Section 17(2) of the Deposit Guarantee Act, the Protection Scheme shall draw on the means of the Recognised IPS Subpools in proportion to their RIF target levels.

#### **§ 16 Right to Compensation**

- (1) In case of compensation (Section 10 of the Deposit Guarantee Act), depositors of Member Institutions shall have a right to compensation as specified in Sections 5 to 9 of the Deposit Guarantee

Act, for which the available means within the meaning of § 13 shall be used as earmarked dependent special assets. The point of contact and formal addressee for claims shall be the DSGV, represented by the management of the Protection Scheme.

- (2) The compensation procedure shall be subject to Sections 12 to 16 of the Deposit Guarantee Act.

#### **§ 17 Recourse to the Protection Scheme under Section 145 of the Act on the Recovery and Resolution of Financial Institutions (SAG)**

§ 12, § 14, and § 16(1) apply, mutatis mutandis, in the event of recourse to the Protection Scheme in accordance with Section 145 of the Act on the Recovery and Resolution of Financial Institutions.

#### **§ 18 Information for Depositors**

In accordance with Section 3(1) of the Deposit Guarantee Act, a website containing the necessary information for depositors shall be operated for the Protection Scheme.

### **IV. Institutional Protection Measures**

#### **§ 19 Principles**

- (1) In the context of institutional protection, the Protection Scheme shall adopt measures relating to prevention, recovery and support ("**institutional protection measures**") in accordance with § 20, § 22 and § 23.
- (2) The Protection Scheme takes decisions on institutional protection measures in accordance with § 21 and § 24. The central decision-making body for institutional protection measures is the governance body in accordance with § 25ff.

#### **§ 20 Preventive Measures**

- (1) Preventive measures serve to prevent circumstances that could jeopardise a Member Institution as a going concern or materially adversely affect its development or otherwise give rise to a notification in accordance with Section 29(3) of the German Banking Act ("**preventive measures**").
- (2) The Protection Scheme adopts preventive measures if there are indications of a risk exposure in accordance with the Risk Monitoring Principles of the Savings Banks Finance Group's Protection Scheme (Part 1 Chapter 7 of the Framework Rules).
- (3) The Protection Scheme can in particular order the Member Institution to take the following measures as preventive measures:
- discussion of the issues by the governing bodies of the Member Institution with the subfund responsible;
  - delegation of a representative nominated by the subfund responsible to the supervisory body of the Member Institution;
  - performance of special audit.

Additionally, the Protection Scheme can require the Member Institution to take the following measures in particular as preventive measures:

- preparation of mid-term planning that demonstrates the sustained stabilisation of the Member Institution;
- implementation of personnel-related and/or non-personnel-related measures.

Further details are laid down in the Risk Monitoring Principles of the Savings Banks Finance Group's Protection Scheme (Part 1 Chapter 7 of the Framework Rules).

## **§ 21 Decisions about Preventive Measures**

- (1) The subfunds decide about preventive measures at their member institutions and perform them.
- (2) The management of the Protection Scheme is entitled to require subfunds to take preventive measures if the conditions set out in § 20(2) apply. It reports to the governance body about a requirement under sentence 1.

## **§ 22 Recovery Measures**

- (1) Recovery measures serve to prevent circumstances that could jeopardise a Member Institution as a going concern or materially adversely affect its development or otherwise give rise to a notification in accordance with Section 29(3) of the German Banking Act ("**recovery measures**").
- (2) Recovery measures in the sense of paragraph 1 shall be taken on a case-by-case basis and are not linked to a Member Institution's recovery plan in accordance with Section 12ff. of the Act on the Recovery and Resolution of Financial Institutions. Recovery measures in this sense are not necessarily identical to measures to avert a crisis within the meaning of Section 12(1) sentence 2 of the Act on the Recovery and Resolution of Financial Institutions; this does not mean that the Protection Scheme cannot order a recovery measure that is also covered by a recovery plan.
- (3) The Protection Scheme shall decide on recovery measures in accordance with § 24 if the following qualitative criteria apply, whereby these criteria can apply alternatively or cumulatively to a Member Institution:
  - emergence of facts that may trigger a notification under Section 29(3) of the German Banking Act, in particular circumstances that could jeopardise a Member Institution as a going concern or materially adversely affect its development or that indicate serious infringements by managers of the German Banking Act, the rules or the shareholder agreement of the Member Institution;
  - emergence of facts indicating that under the Member Institution's mid-term planning, there is no sustainable profitability and/or adequate capital ratio (including Additional Tier 1 capital and hybrid instruments) and/or no viable business model;

- the recovery plan of the Member Institution under Section 12 of the Act on the Recovery and Resolution of Financial Institution provides for recovery through support measures within the meaning of § 23.

Regardless of whether there are qualitative criteria or not, the Protection Scheme shall decide on recovery measures if the following quantitative criterion applies to a Member Institution:

- in the case of member institutions of the *Landesbanken* subfund, their Common Equity Tier 1 capital ratio falls below 9.5% plus the relevant SREP add-on;
- in the case of member institutions of the savings bank subfunds and the LBS subfund, their Common Equity Tier 1 capital ratio falls below 9.0% plus the relevant SREP add-on;

Further details are laid down in the Risk Monitoring Principles of the Savings Banks Finance Group's Protection Scheme (Part 1 Chapter 7 of the Framework Rules).

(4) As recovery measures, the Protection Scheme can in particular

- require the preparation of a concept for restructuring the Member Institution;
- require the initiation of expedient measures for heading off the circumstances relevant for recovery under § 3, for example the implementation of personnel-related and/or non-personnel-related measures. Non-personnel-related measures may include the reduction of exposures, the disposal of portfolios, the discontinuation of business activities or the reduction of liquidity requirements;
- require the Member Institution to enter into discussions and negotiations with its owners on appropriate measures by the owners to avert the recovery conditions, including the provision of financial contributions by the owners to the recovery of the Member Institution.

The recovery measures of the Protection Scheme shall be designed in such a way that the effectiveness of the recovery measures already taken by the Member Institution shall not be restricted or thwarted.

### § 23 Support Measures

- (1) Support measures serve to avert a threat to the Member Institution as a going concern, in particular by ensuring liquidity and solvency within the meaning of Section 49(1) sentence 1 of the German Deposit Guarantee Act with the least possible use of funds ("**support measures**").
- (2) The Protection Scheme shall decide on support measures in accordance with § 24 if there are concrete indications that a threat to the Member Institution as a going concern within the meaning of Section 63(1) of the Act on the Recovery and Resolution of Financial Institutions is imminent; in this respect, qualitative and quantitative indications shall be taken into account which shall intervene as alternatives:

- From a qualitative point of view, support measures for Member Institutions with their own recovery plan within the meaning of Section 12 of the Act on the Recovery and Resolution of Financial Institutions can be considered in particular if the measures provided for in the recovery plan are not sufficient to avoid the occurrence of a threat to the member institution as a going concern. The institution's recovery capacity under the recovery plan shall be used effectively, including any recovery contributions from the owners;
- in quantitative terms, support measures shall be considered in particular where there is a risk that a Member Institution will fall below a Common Equity Tier 1 ratio of 8% plus the relevant SREP add-on or the regulatory capital and own funds requirements, taking into account all components of equity. In addition, support measures may be taken if the leverage ratio and/or the liquidity ratios (LCR and NSFR) fall below or are likely to fall below the regulatory requirements in the next six to twelve months.

A substantial risk within the meaning of § 36(4) sentence 1 does not meet the requirements for a going concern risk within the meaning of sentence 1.

- (3) The following support measures in particular can be considered as support measures:
- Allocating liable funds, also in the form of non-repayable grants (equity injections);
  - Furnishing guarantees or sureties;
  - Making interest-bearing commitments to pay debts;
  - Satisfying claims by third parties against the Member institution in return for an assignment of the claims to the Protection Scheme.
- (4) The owners of the Member Institution concerned are expected to make their own support contributions, which are to be proportionate to their economic interest in averting the going concern risk of the Member Institution. With regard to the appropriateness of contributions by owners, it must be taken into account whether and to what extent the owners have made recovery contributions in accordance with § 22(4) sentence 1 3rd indent. This is without prejudice to the legal framework governing decisions by the owners about their own support contributions. If the owners of a Member Institution do not contribute adequately to its support, this shall not preclude support from the Protection Scheme; in such a case, the objective and the choice of support measures of the Protection Scheme shall be governed by § 5 sentences 3 and 4.
- (5) The need for a support measure shall be determined by the Protection Scheme in each individual case, taking into account the specific economic circumstances of the Member Institution concerned. Depending on the concrete circumstances in each individual case, the Protection Scheme is entitled to target a support measure at maintaining the Member Institution as a going concern, merging it with Member Institution or the orderly resolution of the Member Institution, safeguarding its solvency and liquidity. Support measures aimed at maintaining the Member Institution as a going concern are normally only considered if the owners pay appropriate support contributions. If the owners of a Member Institution do not pay adequate owner contributions, orderly resolution

as an objective of the support measures of the Protection Scheme may only be waived in justified exceptional cases; waiver of orderly resolution shall be considered in particular if:

- it can be reasonably expected that the Member Institution will be merged with another Member Institution at the time of or after the implementation of the measures, or
- orderly resolution would result in significantly higher costs or significant other disadvantages for the Protection Scheme compared with maintaining the member institution as a going concern.

The mandatory legal organisational requirements and in particular any priority given to merging or combining Member Institutions must be taken into account. Granting non-recoverable grants, where repayment based on a debtor warrant cannot be expected, should be limited to exceptional circumstances.

- (6) When a support measure is taken, the Protection Scheme shall, as a general principle, first decide on the essential elements of the measures necessary to eliminate the grounds for support referred to in § 2. The details of the support measure are defined and implemented by the support agreement.
- (7) Part 1 Chapters 2, 4 and 5 shall contain details of the support procedure and specific requirements for support measures of the relevant subfunds.

#### **§ 24 Decisions on Recovery and Support Measures, Application Procedure**

- (1) Decisions on recovery and support measures by the Protection Scheme shall be taken in an application procedure.
- (2) The Member Institution concerned, the chair of the relevant subfund<sup>1</sup> and the management of the Protection Scheme are entitled to apply for a decision on a recovery or support measure. When providing support to a savings bank that is a member of two savings bank subfunds in accordance with Chapter 2 § 38(1b), an application by one of these savings bank subfunds shall be sufficient.
- (3) The management of the Protection Scheme is obliged to submit an application in accordance with subsection (2) sentence 1 if the quantitative criteria for a recovery or support measure in accordance with § 22(3) sentence 2 or § 23(2) sentence 1 2nd indent are met in individual cases. If, in individual cases, management denies an application after examining the qualitative criteria for a restructuring or support measure in accordance with § 22(3) sentence 1 or § 23(2) sentence 1 1st indent, it shall document its examination and report to the governance body on the result of its examination.
- (4) The application under subsection (2) sentence 1 must be in written form and bear the wet signature of the person entitled to apply or their legal representatives. Electronic transmission of the application is permitted. In the application, the desired type of measure (recovery or support) must

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<sup>1</sup> Chairs of the associations, Chair of the *Girozentralen* Managers Conference and Chair of the *Bausparkassen* Conference.

be stated and its admissibility under § 23(3) or § 22(2) must be demonstrated. The application should also contain a description of the action to be taken.

- (5) The application under subsection 2 sentence 1 is normally addressed to the responsible subfund. The chair of the relevant subfund, the Member Institution (with the prior consent of the subfund) and the management of the Protection Scheme are entitled to submit the application directly to the governance body if the implementation of a support measure requires funds from the Supraregional RIF Compensation Mechanism and/or Scheme-wide RIF Compensation Mechanism and/or Supraregional AIF Compensation Mechanism in the opinion of the applicants. Sentence 2 applies with regard to support measures for Savings Banks and *Landesbausparkassen* even if, in only one of the possible support sequences in accordance with Part 2 Chapter 1 § 146 or § 147, means of the Supraregional RIF Compensation Mechanism and/or the Scheme-wide RIF Compensation Mechanism and/or the Supraregional AIF Compensation Mechanism and/or the Scheme-wide AIF Compensation Mechanism would have to be used.
- (6) The subfund is required to decide on the application within one week of its receipt. The period under sentence 1 may be extended by the subfund by up to one week with the agreement of the management of the Protection Scheme if this does not jeopardise the objective of the measure. If the subfund rejects the measure being applied for or does not take a decision within the period set out in sentences 1 and 2, the governance body shall take a final decision on the application. A decision by the subfund on a support measure shall be deemed to be a rejection in accordance with sentence 3 if the measure is not suitable for averting the threat to the Member Institution as a going concern. The management of the Protection Scheme shall be responsible for assessing the suitability of the measure; if the subfund has opted for one of several equally suitable measures, the management shall be bound by this decision and shall not be entitled to classify the measure selected by the subfund as inappropriate. If the subfund agrees with the need for a support measure, but considers that – taking into account § 5 sentence 3 – the use of means from the Supraregional RIF Compensation Mechanism and/or the Scheme-wide RIF Compensation Mechanism and/or the Supraregional AIF Mechanism and/or the Scheme-wide AIF Compensation Mechanism is necessary for implementing the support measure, the governance body shall take a final decision on the application.
- (7) The governance body shall decide on the application in the cases referred to in subsections (5) sentence 2 and (6) sentences 3 to 6. In the event of subsection (5) sentence 2, the governance body shall decide after prior consultation with the relevant subfund. Subsection (6) sentences 1 and 2 apply, *mutatis mutandis*, to the consultation. In the event of imminent danger, the governance body may waive the consultation.

## **V. Central Decision-making Body**

### **§ 25 Responsibilities, Decision-making Principles, Decision-making Deadline**

- (1) The governance body is the central decision-making body of the Protection Scheme. It shall take decisions on:
  - Recovery and support measures in accordance with § 24(7) in conjunction with § 26;

- the Supraregional RIF Compensation Mechanism and the Scheme-wide RIF Compensation Mechanism in accordance with § 24(7) in conjunction with Chapter 3 § 70;
  - coverage of the funding requirements in the event that the RIF target level is exceeded in accordance with § 24(7) in conjunction with § 33;
  - borrowing in accordance with § 24(7) in conjunction with § 35.
  - the Supraregional AIF Compensation Mechanism and the Scheme-wide AIF Compensation Mechanism in accordance with § 24(7) in conjunction with Chapter 2 § 149;
  - coverage of the funding requirements in the event that the existing means of the Additional IPS Fund in accordance with § 24(7) in conjunction with Part 2 are exceeded;
- (2) The governance body shall decide at its reasonable discretion. The subfunds, Member Institutions or third parties have no right to demand a specific decision by the governance body. The decisions have a more direct effect in respect of the relevant subfunds and Member Institutions.
- (3) The decision of the governance body should be taken within a reasonable period, taking into account the circumstances of the individual case, at the latest within two weeks after receipt of the application under § 24(2) in conjunction with subsection (5) sentence 2 or justification of its competence in accordance with § 24(6) sentences 3 to 6.
- (4) Moreover, the decisions and actions of the governance body shall be subject, *mutatis mutandis*, to the special provisions for the relevant subfund as set out in Part 1 Chapters 2, 4 and 5. The provisions of this Chapter 1 shall have priority over those of Part 1 Chapters 2, 4 or 5 and Part 2.

## **§ 26 Recovery and Support Decisions**

- (1) The decisions of the governance body in the event of recovery measures shall include in particular the
- determination of the conditions for recovery measures in accordance with § 22(3);
  - taking and determining the recovery measures to be carried out in accordance with § 22(4);
  - determination of necessary control and audit measures.
- (2) In the case of support measures, decisions taken by the governance body shall include in particular:
- the determination of recourse to the Protection Scheme where the conditions for support under § 23(2) are met;
  - taking and determining the support measures to be implemented in accordance with § 23(3) to (6) as well as the necessary conditions for the Member Institution concerned;

- determining the conditions for a Supraregional RIF Compensation Mechanism under Chapter 3§ 70, § 71;
- determining the conditions for a Scheme-wide RIF Compensation Mechanism when the RIF target volumes have been exhausted or when there is a substantial risk in accordance with § 32(1);
- covering the funding requirements in excess of the RIF target level by raising additional contributions and/or by taking out a loan in accordance with § 33 in accordance with the reason and amount;
- a decision to take out a loan under § 35, including the terms and conditions of the loan;
- determining the conditions for a Supraregional AIF Compensation Mechanism under Chapter 2§ 149, § 150;
- determining the conditions for a Scheme-wide AIF Compensation Mechanism when the existing means of the Additional IPS Fund have been exhausted or when there is a substantial risk in accordance with Part 2 Chapter 1 § 140(1);
- covering funds required exceeding the aggregate existing means of the Additional IPS Fund by raising additional contributions and/or by taking out a loan in accordance with Part 2 Chapter 1 § 141 in accordance with the reason and amount;
- determining the order of support to be applied according to Part 2 Chapter 1 § 146 or § 147;
- confirmation of the support agreement prepared by the management in accordance with § 30(3) 2nd indent in which the support measures are structured and implemented in detail.

## **§ 27 Majority Requirements**

- (1) Within the scope of its responsibilities under § 25(1), the governance body shall decide by a simple majority of the votes cast, unless otherwise specified below. Abstentions do not count as votes cast.
- (2) Decisions by the governance body about support measures in excess of the RIF target level or in excess of the existing means of the Additional IPS Fund within the meaning of Part 2 Chapter 1 § 141 require a majority of three-quarters of votes cast.
- (3) In the case of § 6(3) sentence 1, the governance body shall generally decide on support decisions by a simple weighted majority. In the case § 6(3) sentence 1, the governance body shall, by way of derogation from the sentence 1, decide by a weighted majority of three-quarters of the votes, subject to the conditions set out in subsection 2.

## § 28 Prohibitions on Voting

- (1) When the governance body decides on recovery and support measures, the Member Institutions concerned and the legal representatives of any Member Institutions concerned, to the extent that they are members of the governance body in another function, are not entitled to vote.
- (2) If any additional funds required by the Protection Scheme will be covered by the collection of additional contributions in the event of the implementation of the Supraregional RIF Compensation Mechanism and/or the Scheme-wide RIF Compensation Mechanism and/or the Supraregional AIF Compensation Mechanism and/or the Scheme-wide AIF Compensation Mechanism and/or if funds are required in excess of the RIF target level and/or if funds are required in excess of the existing means of the Additional IPS Fund, those Member Institutions represented in the governance body shall not be entitled to vote in the decision of the governance body if they are fully exempted from the obligation to pay an additional contribution in the event of a relevant recourse to the Protection Scheme due to a substantial risk in accordance with § 36 (4) or the cap under § 36 (5) and they have not issued a debtor warrant under § 36 (4) sentence 4 or § 36 (5) sentence 2.

## § 29 Reservations

- (1) The members of the governance body with the right to vote may cast their votes at the time of the decision under § 25(1), subject to the approval of the responsible bodies of the institutions represented in each case (“**reservation**”).
- (2) Reservations must be lifted within a reasonable period of time, to be determined by the governance body in the decision, that applies to all members of the governance body. The period should normally be one week.
- (3) A reservation is deemed to have been lifted if the member of the governance body concerned has not notified the management of the Protection Scheme in text form before the expiry of the period referred to in subsection (2) that the required board approval was not granted.
- (4) Reservation under subsection (1) is excluded in the event of imminent danger or if compliance with a deadline applicable to the decision would be jeopardised by the reservation. The governance body shall decide on the exclusion of reservation as part of the relevant decision.

## § 30 Implementation of Decisions

- (1) The governance body shall commission the management of the Protection Scheme to implement its decisions.
- (2) In the case of the Protection Scheme’s recovery measures, management is responsible in particular for monitoring and supervising the implementation of the recovery measures by the Member Institution.
3. In the case of the Protection Scheme’s support measures, management shall be responsible in particular for:

- commissioning and supporting a restructuring and recovery concept;
  - preparing and negotiating the support agreement;
  - obtaining BaFin's agreement in accordance with Section 49(1) sentence 3 of the Deposit Guarantee Act to the planned support measure and the requirements to be imposed in this connection;
  - monitoring and supervising the implementation of support measures by the Member Institution;
  - preparing and concluding a loan agreement under § 35.
- (4) In all other respects, the special provisions for the relevant subfund under Part 1 Chapters 2, 4 and 5 apply, *mutatis mutandis*, to management's decisions and actions. The provisions of this Chapter 1 shall have priority over those of Part 1 Chapters 2, 4 or 5.

## VI. Funding for Support Measures

### § 31 Principles

- (1) Subject to the provisions in Part 2, support measures of the Protection Scheme must first be funded by the relevant subfund from the means of its Recognised IPS Subpool up to the amount of the RIF target volume.
- (2) Any Supraregional RIF Compensation Mechanism between the Recognised IPS Subpools Savings Banks shall be implemented in accordance with Part 1 Chapter 2 § 70, § 71. Any Scheme-wide RIF Compensation Mechanism between all the Recognised IPS Subpools shall be implemented in accordance with § 32, subject to the arrangements set out in Part 2.
- (3) A funding requirement in excess of the available funds of the Recognised IPS Subpool obliged to fund a support measure shall be covered by raising additional contributions under § 34 and/or by taking out a loan under § 35, subject to the arrangements set out in Part 2. The payment obligations of the Member Institutions are limited in accordance with § 36.

### § 32 Conditions and Implementation of the Scheme-wide RIF Compensation Mechanism

- (1) Any Scheme-wide settlement between the Recognised IPS Subpools of the Protection Scheme shall be made if,
- subject to the arrangements set out in Part 2, the necessary expenses from means of the Recognised IPS Fund for implementing recourse to the Protection Scheme as part of institutional protection exceed the RIF target volume of the relevant subfund, in the case of a savings bank subfund including the RIF target volumes in the Supraregional RIF Compensation Mechanism in accordance with Chapter 3 ("**Scheme-wide RIF Compensation Mechanism when the RIF target volumes are exhausted**"), or
  - in the case of several member institutions of a responsible subfund, the criteria for a substantial risk under § 36(4) are met; however, in the case of a savings bank subfund, the Supraregional

RIF Compensation Mechanism under Chapter 3 must first be implemented (“**Scheme-wide RIF Compensation Mechanism in the event of a substantial risk**”), and

- the governance body has identified the applicability of the conditions for Scheme-wide RIF Compensation Mechanism in the event of recourse to the Protection Scheme by means of a decision in accordance with § 25(1).

When support is provided to a savings bank that is a member of two savings bank subfunds in accordance with Part 1 Chapter 2 § 38(1b), the above 1st indent 1st half-sentence applies subject to the condition that it is sufficient if the necessary expenses from means of the Recognised IPS Fund exceed the relevant RIF target volume for only one of these savings bank subfunds.

- (2) Within the framework of the RIF target level, the means of the Recognised IPS Fund shall be used in the following order when implementing the Scheme-wide RIF Compensation Mechanism, subject to the arrangements set out in Part 2 (order of support):
  - the RIF target volume of the subfund whose member institution is affected by the recourse to the Protection Scheme is used first; if, and to the extent that, the available means of the relevant Recognised IPS Subpool are less than the RIF target volume, additional contributions must be levied from the members of the subfund until the RIF target volume has been reached. In the case of a Scheme-wide RIF Compensation Mechanism in the event of a substantial risk within the meaning of § 1 sentence 1 2nd indent, sentence 1 applies with the condition that the members of the subfund for which there is a substantial risk are only required to make additional contributions up to the limit of the substantial risk; the amount not recoverable from these members shall not be compensated within the subfund. In the case of support for a savings bank that is a member of two savings bank subfunds in accordance with Part 1 Chapter 2 § 38(1b), sentence 1 applies with the condition that it is sufficient if, at this stage of the order of support, the RIF target volume of only one of these subfunds is fully used, taking into account the obligations of the two savings bank subfunds allocated in accordance with Part 1 Chapter 2 § 38(1b) sentence 2.
  - When support is provided to a savings bank, the Supraregional RIF Compensation Mechanism under Part 1 Chapter 3 is subsequently implemented.
  - The additional means required shall be covered by the other Recognised IPS Subpools from their available means or from additional contributions on a pro rata basis, depending on their RIF target volume, however not exceeding the RIF target volume of each subfund.
- (3) To the extent that the expenses needed to implement recourse to the Protection Scheme from means of the Recognised IPS Fund exceed the RIF target level, they are covered in accordance with § 33.

### **§ 33 Covering Funding Requirements in Excess of the RIF Target Level**

- (1) Subject to the arrangements set out in Part 2, to the extent that the funds required from means of the Recognised IPS Fund in the event of recourse to the Protection Scheme exceed the RIF

target level, they will be covered by the collection of additional contributions, by taking out loans or a combination of both measures. The decision is taken by the governance body in accordance with § 25(1).

- (2) Insofar as the means required under subsection (1) sentence 1 are covered by the collection of additional contributions, they will be collected by the subfunds. The means required will be distributed among the subfunds according to the ratio of their respective RIF target volumes.
- (3) Insofar as the means required under subsection (1) sentence 1 are covered by taking out loans, this is performed in accordance with § 35.

#### **§ 34 Additional Contributions**

- (1) The Member Institutions are obliged to pay additional contributions if the means of the Recognised IPS Subpool of the responsible subfund are not sufficient to cover its funds required from means of the Recognised IPS Subpool in the event of recourse to the Protection Scheme or if the collection of additional contributions is planned
  - as part of the Supraregional RIF Compensation Mechanism in accordance with Chapter 3 § 71(1), (2),
  - as part of the Scheme-wide RIF Compensation Mechanism in accordance with § 32(2),
  - to cover means required if the RIF target level is exceeded in accordance with § 33(1), (2), or
  - to cover the expenses for interest, principal repayment and costs of loans in accordance with § 35(2).
- (2) Additional contributions are collected by the subfund responsible for a Member Institution on the basis of the uniform principles for the risk-based computation of contributions for the Recognised IPS Fund of the Savings Banks Finance Group (Part 1 Chapter 6).

#### **§ 35 Borrowing**

- (1) The Protection Scheme is entitled to cover all or part of the means required in the event of recourse to the Protection Scheme by taking out loans instead of collecting additional contributions; borrowing in accordance with the 1st half-sentence may be combined with the collection of additional contributions. By way of derogation from sentence 1, in the event of recourse to the Protection Scheme, the Protection Scheme may take out a loan to cover a short-term liquidity requirement even if conditions for collecting additional contributions are not satisfied.
- (2) Loans in accordance with subsection (1) are taken out by the Protection Scheme. The subfunds responsible for covering the means required in the event of recourse to the Protection Scheme are have an obligation to the Protection Scheme to bear any expenses incurred for interest, prin-

principal repayment and costs of the loans; if a loan is taken out instead of collecting additional contributions from several subfunds, these expenses shall be borne in proportion to the total amounts of the additional contributions to be collected alternatively by the subfunds. In the case of subsection (1) sentence 2, several subfunds responsible for covering the means required in the event of recourse to the Protection Scheme shall bear any expenses due for interest, principal repayment and costs of the loans in proportion to their relevant RIF target volumes. The means shall be made available to the Protection Scheme in good time before the due date. Insofar as the means of a subfund are not sufficient to meet the expenses for interest, principal repayment and costs of a loan due and to be borne by it in accordance with sentence 2, the subfund shall levy additional contributions from its member institutions.

- (3) The governance body shall decide on any borrowing in accordance with subsection (1) in accordance with § 25(1). Insofar as the governance body decides on a support measure after a subfund has previously only adopted a resolution about taking out a loan, the governance body shall take its decision with a simple majority of the votes cast after consulting the subfunds concerned about the loan conditions; § 26(2) 6th indent and § 30(3) 5th indent apply, *mutatis mutandis*.

### **§ 36 Limitation on the Payment Obligations of Member Institutions**

- (1) The Protection Scheme is entitled to collect several special contributions and special payments in any financial year in accordance with the relevant rules for the subfunds. However, the sum total of the special contributions and special payments collected pro rata (in terms of the RIF target volume) in a given year must not exceed the upper limit for the entire Recognised IPS Fund of 0.5% of the covered deposits of all Member Institutions of the Protection Scheme, applying Section 27(4) sentence 2 of the Deposit Guarantee Act *mutatis mutandis*. Higher special contributions and special payments in accordance with the relevant provisions for the subfunds may only be levied in exceptional circumstances to safeguard the functionality of the Protection Scheme and shall require BaFin's approval.
- (2) The Protection Scheme Association may postpone the collection of all or part of the special contributions and special payments from a Member Institution with BaFin's consent (Section 48(2) no. 4 in conjunction with Section 27(5) of the Deposit Guarantee Act) if, and to the extent that, there is a risk that this Member Institution will no longer be able to meet its obligations towards its creditors due to the sum total of the payments to be made to the relevant subfund. Postponement is made on application by the Member Institution. When filing its application, the Member Institution shall submit confirmation by an auditor or an auditing firm that the totality of the payments to be made to the relevant subfund in the fiscal year concerned would jeopardise the fulfilment of the Member Institution's obligations towards its creditors. Such a deferral can be granted for a period of no longer than six months, but it can be prolonged by a renewed application by the Member Institution for a further six months in each case. The deferred special contributions or special payments shall be collected if BaFin finds that the payment no longer jeopardises the Member Institution's liquidity and solvency. The deferred contributions become due at the end of the deferral period.
- (3) Additional contributions for the Recognised IPS Fund in accordance with the rules for the relevant subfund must not exceed the difference between the available means of the Recognised IPS Subpool and the RIF target volume, unless additional contributions in excess of the RIF target level are required in accordance with § 33 and § 34.

- (4) Use of additional contributions in accordance with the rules for the relevant subfund must not restrict the freedom of design of the individual Member Institutions to an extent that would be incompatible with their independence as an independent economic enterprise (“**substantial risk**”). A substantial risk within the meaning of sentence 1 exists if the Member Institution would fall below the thresholds in accordance with § 22(3) sentence 2 as a result of the use of additional contributions. The Member Institutions concerned shall notify the Protection Scheme of an exposure to such a substantial risk without delay, however no later than prior to the determination of the additional contribution in accordance with the rules for the relevant subfund. If the Protection Scheme determines that a Member Institution is exposed to such a substantial risk, the Protection Scheme shall waive the additional contribution against a debtor warrant, to the extent that the additional contribution would result in the additional contribution falling below the threshold value under § 22(3) sentence 2. The additional contribution not to be paid by the Member Institution due to the exemption under sentence 4 shall be offset within the relevant subfund unless the conditions of the Supraregional RIF Compensation Mechanism or the Scheme-wide RIF Compensation Mechanism in the event of substantial risk or of the Supraregional AIF Compensation Mechanism or the Scheme-wide AIF Compensation Mechanism in the event of substantial risk are met.
- (5) The total additional contributions of an Affiliated Institution to cover a resource requirement above the RIF target level in accordance with § 33 and/or to cover a resource requirement if the existing means in accordance with Part 2 Chapter 1 (if applicable in conjunction with § 35(2) sentence 5 in each case) are exceeded may not exceed 0.2% of its individual total risk exposure amount in accordance with Article 92(3) of the CRR in a calendar year (“**cap**”), to the extent the Protection Scheme can fully cover the resource requirement not covered by the Affiliated Institutions in the calendar year by way of borrowing in accordance with § 35. In the case of sentence 1, subsection (4) sentences 3 and 4 apply mutatis mutandis, with the condition that the waiver for the current calendar year shall be made against a debtor warrant to the extent that the total additional contribution to be levied to cover a funding requirement above the RIF target level under 33 and/or to cover a resource requirement if the existing means in accordance with Part 2 Chapter 1 § 141 (if applicable in conjunction with § 35(2) sentence 5 in each case) are exceeded and the additional contributions already levied in that calendar year to cover a funding requirement above the RIF target level under § 141 and/or to cover a resource requirement if the existing means in accordance with Part 2 Chapter 1 § 141 (if applicable in conjunction with § 35(2) sentence 5 in each case) are exceeded would exceed 0.2% of the total risk exposure amount of the Affiliated Institution in accordance with Article 92(3) of the CRR.

**Chapter 2**  
**Model Rules for the**  
**Savings Bank Subfunds**  
**of the Regional Associations**

**I. Principles**

**§ 37 Member Institutions, Model Rules**

- (1) Under Part 1 Chapter 1 § 2(2) of the Framework Rules, the members of the Protection Scheme are the savings banks that are members of the regional associations that have adopted rules on the basis of the Model Rules in accordance with this Chapter 2.
- (2) The Model Rules for the regional associations comprise the following requirements in § 38 to § 69, including the associated part designations II to VIII. The regional associations adopt the Model Rules with modified numbering of the parts and sections, whereby the number of the parts starts at I and of the paragraphs (§) starts at § 1.
- (3) These Framework Rules shall be annexed to the rules of the regional associations adopted on the basis of the Model Rules and shall form part of the relevant rules.

**II. Functions of the Savings Bank Subfund, Members**

**§ 38 Savings Bank Subfund, Members**

- (1) The Association shall maintain a support fund as a separate part of the Association's assets. The support fund shall have the function of a savings bank support fund within the meaning of savings bank law. At the same time, it is part of the scheme operated by the Savings Banks Finance Group to safeguard the solvency and liquidity of its members within the meaning of Article 113(7) of the CRR ("**Protection Scheme**") in accordance with the "Framework Rules for the Institutional Protection Scheme of the Savings Banks Finance Group" ("**Framework Rules**") adopted by the General Meeting of the Deutscher Sparkassen- und Giroverband e.V. ("**DSGV**"), and hence an organisational subfund of the Protection Scheme ("**savings bank subfund**"). The members of the savings bank subfund are the member savings banks of the Association. On the basis of this membership, the member savings banks are Member Institutions within the meaning of § 2(1) in conjunction with (2) of the Framework Rules ("**Member Institutions**").
  - (1a) The assets of the savings bank subfund are divided into two separate IPS subpools ("**IPS sections**"), specifically an IPS subpool allocated to the Recognised IPS Fund within the meaning of the preamble to the Framework Rules ("**Recognised IPS Fund**" or "**RIF**") ("**Recognised IPS Subpool**") and an IPS subpool allocated to the Additional IPS Fund within the meaning of the preamble to the Framework Rules ("**Additional IPS Fund**" or "**AIF**") ("**Additional IPS Subpool**").
  - (1b) Where a savings bank is a member of two savings banks associations due to a merger between two savings banks, that savings bank can also be a member of both savings bank subfunds. The rights and obligations resulting from membership shall then arise from each savings bank subfund in accordance with the fixed share of the RIF target volume and the AIF target volume attributable to that savings bank. The rights and obligations of an association and its institutions under these

Rules apply to both regional savings banks associations and their institutions in the case of sentence 1.

- (2) The means for the IPS subpools shall be provided by the member savings banks via a levy imposed by the Association. To determine this part of the levy imposed by the Association, the contribution-related provisions of Part 1 Chapter 1 of the Framework Rules, the principles of the risk-based computation of contributions to the Recognised IPS Fund of the Savings Banks Finance Group (Part 1 Chapter 6 of the Framework Rules), the contribution-related provisions of Part 2 Chapter 1 of the Framework Rules and the principles for the computation of contributions to the Additional IPS Fund (Part 2 Chapter 3 of the Framework Rules) apply in addition to the requirements of these Rules.

### **§ 39 Function and Protective Purpose of the Savings Bank Subfund (Institutional Protection and Deposit Guarantee)**

- (1) The function of the savings bank subfund is to protect its member savings banks and – in accordance with the provisions on the Supraregional RIF Compensation Mechanism, the Scheme-wide RIF Compensation Mechanism, the Supraregional AIF Compensation Mechanism and the Scheme-wide AIF Compensation Mechanism – the other institutions belonging to the Protection Scheme themselves, in particular to safeguard their liquidity and solvency (“**Institutional Protection**”). The subfund shall support those institutions when they encounter financial difficulties or when they are at risk of encountering such difficulties by implementing support measures as specified in these Rules and Part 1 Chapter 1 and Part 2 of the Framework Rules.
- (2) In accordance with the Framework Rules, the savings bank subfund with the means of the Recognised IPS Subpool also forms part of the Institutional Protection Scheme recognised as a deposit guarantee scheme under Section 43 of the Deposit Guarantee Act (“**Deposit Guarantee Act**”). Within the framework of the recognised Protection Scheme, the means of the Recognised IPS Subpool shall be used to compensate depositors in accordance with Sections 5ff. of the Deposit Guarantee Act (“**deposit guarantee**”) and are therefore part of the Protection Scheme’s available means within the meaning of Section 18 of the Deposit Guarantee Act. The savings bank subfund therefore provides member savings banks with membership in a deposit guarantee scheme as required by Section 1 of the Deposit Guarantee Act.

### **III. Means of the Savings Bank Subfund**

#### **§ 40 Management of the Means of the Savings Bank Subfund**

- (1) The Association shall manage the means of the IPS subpools and shall invest them as legally independent assets, separately from the Association’s other assets.
- (2) In accordance with Section 18(4) of the Deposit Guarantee Act, the means of the Recognised IPS Subpool shall be invested so as to combine the greatest possible security and adequate liquidity of the investments with an appropriate level of returns. To this end, the means shall be invested in accordance with the principles set out in Part 1 Chapter 6 of the Framework Rules. In accordance with Section 18(4) of the Deposit Guarantee Act, the means of the Additional IPS Subpool shall be invested mutatis mutandis so as to combine the greatest possible security and adequate liquidity of the investments with an appropriate level of returns. To this end, the means

shall be invested in accordance with the principles set out in Part 2 Chapter 3 of the Framework Rules.

- (3) Income from the investment of the means of the Recognised IPS Subpool under subsection (1) above is a part of the Recognised IPS Subpool. Income from the investment of the means of the Additional IPS Subpool under subsection (1) above is a part of the Additional IPS Subpool.

#### **§ 41 Use of the Means of the Savings Bank Subfund**

- (1) The assets of the Recognised IPS Subpool shall be used for institutional protection support measures as well as for compensation on the basis of the Deposit Guarantee Act in accordance with these Rules and the Framework Rules. The Additional IPS Subpool shall be used for institutional protection support measures in accordance with these Rules and the Framework Rules.
- (2) The Association shall use the IPS subpools for support measures in accordance with § 53 of these Rules in conjunction with Part 1 Chapter 1 § 23 of the Framework Rules. The Protection Scheme may access the IPS subpools to implement institutional protection support measures if a decision has been taken by the Protection Scheme's governance body in accordance with Part 1 Chapter 1 § 25(1) (if applicable in conjunction with Part 2 Chapter 1) of the Framework Rules (subsidiarity principle).
- (3) To implement support measures under subsection (2) sentence 2, the Association shall grant extensive rights to the Protection Scheme to use the assets of the IPS subpools and give it the necessary powers of attorney, which shall be confirmed in a separate certificate upon request. As a rule, the Protection Scheme will first request the Association to make payment without undue delay. The Association will designate the bank accounts and securities deposit accounts held or established for the special assets of the Recognised IPS Subpool and the special assets of the Additional IPS Subpool and give to the Protection Scheme an overview of the accounts' balance and the investments made.
- (4) For the purpose of compensation in accordance with the Deposit Guarantee Act, the Protection Scheme shall have the rights specified in § 62 and § 61.

#### **§ 42 Obligation to Pay Contributions**

- (1) In accordance with the following provisions, the member savings banks shall make contributions and payments to the savings bank subfund to ensure the achievement and maintenance of the RIF target volume as set out in § 43(1) within the period specified in Section 17(2) and (3) of the Deposit Guarantee Act, and to ensure the achievement and maintenance of the AIF target volume as set out in § 43(9), as a rule for the first time within the period up to 31 December 2032, and to cover the costs associated with the operation of the savings bank subfund (including the pro-rata costs of the Supraregional RIF Compensation Mechanism, the Supraregional AIF Compensation Mechanism and the Protection Scheme as specified in § 68(2) sentences 2 and 3), to the extent that the costs cannot be covered by income from the means of the Recognised IPS Subpool or the Additional IPS Subpool.
- (2) The determination of the contributions and payments to be made to the Recognised IPS Subpool shall be subject to the contribution-related provisions of Part 1 Chapter 1 of the Framework Rules

and the principles of risk-based computation of contributions to the Recognised IPS Fund of the Savings Banks Finance Group (Part 1 Chapter 6 of the Framework Rules).

- (3) If a member savings bank fails to comply with its obligations to make contributions, provide information, make payments or cooperate within the Protection Scheme of the Savings Banks Finance Group in relation to the Recognised IPS Fund in accordance with the present Rules and with the obligations under Part 1 Chapter 1 § 12 of the Framework Rules, or if a member savings bank fails to do so properly, completely or in time, although the bank was granted a period of at least one month to comply with its obligations, the annual contribution as specified in § 43(3) shall be increased. The increase shall amount to at least 0.1% and a maximum of 1% of the savings bank's individual share of the RIF target volume in the year in which the savings bank failed to comply with its obligations, in accordance with the principles of risk-based computation of contributions (Part 1 Chapter 6 of the Framework Rules), however no less than EUR 25,000.00. The increase shall be payable in each month in which the savings bank fails to comply with its obligations. It shall be levied by the Association, which shall comply with the requirements of the Protection Scheme issued for this purpose. The increased contribution shall not be credited against the annual contribution payable by the member savings bank in accordance with subsection (2) above. This shall not affect Part 1 Chapter 1 § 4 of the Framework Rules.
- (4) The determination of the contributions and payments to be made to the Additional IPS Subpool shall be subject to the contribution-related provisions of Part 2 Chapter 1 of the Framework Rules and the principles of computation of contributions to the Additional IPS Fund (Part 2 Chapter 3 of the Framework Rules).
- (5) If a member savings bank fails to comply with its obligations to make contributions, provide information or cooperate within the Protection Scheme of the Savings Banks Finance Group in relation to the Additional IPS Fund in accordance with the present Rules and with the obligations under Part 2 Chapter 1 of the Framework Rules, or if a member savings bank fails to do so properly, completely or in time, although the bank was granted a period of at least one month to comply with its obligations, the contribution as specified in § 43(11) shall be increased. The increase shall amount to at least 0.1% and a maximum of 1% of the savings bank's individual share of the AIF target volume in the year in which the savings bank failed to comply with its obligations, in accordance with the principles of computation of contributions for the Additional IPS Fund (Part 2 Chapter 3 of the Framework Rules), however no less than EUR 25,000.00. The increase shall be payable in each month in which the savings bank fails to comply with its obligations. It shall be levied by the Association, which shall comply with the requirements of the Protection Scheme issued for this purpose. The increased contribution shall not be credited against the annual contribution payable by the member savings bank in accordance with subsection (4) above. This shall not affect Part 1 Chapter 1 § 4 of the Framework Rules.
- (6) The contribution obligations to the Recognised IPS Fund take priority over the contribution obligations to the Additional IPS Fund; the details are governed by the principles of computation of contributions to the Additional IPS Fund (Part 2 Chapter 3 of the Framework Rules).

**§ 43 Target Volume, Annual Contributions, Special Contributions, Additional Contributions, Special Payments, Guarantee Statement**

- (1) The determination of the target volume of the Recognised IPS Subpool (“**RIF target volume**”) as part of the target level of the Recognised IPS Fund in accordance with Section 17(2) of the Deposit Guarantee Act (“**RIF target level**”) shall be subject to the uniform principles specified in § 42(2).
- (2) To determine the required RIF target volume, the member savings banks shall report to the Association by 15 January of each year the amount of covered deposits within the meaning of Section 2(5) of the Deposit Guarantee Act they hold as at 31 March, 30 June, 30 September and 31 December of the previous year. The Association shall forward these figures to the Protection Scheme.
- (3) The member savings banks shall pay annual contributions to the Recognised IPS Subpool at least until the RIF target volume has been reached. These contributions shall be collected by the Association in accordance with the uniform principles referred to in § 42(2).
- (4) The member savings banks shall be obliged to pay special contributions that shall be collected by the Association in accordance with the uniform principles referred to in § 42(2) if a member savings bank has to pay compensation (Section 10 of the Deposit Guarantee Act) and if the means of the Recognised IPS Subpool are not sufficient to satisfy the claims or if a case as specified in § 55(5) sentence 1 arises.
- (5) The member savings banks shall be obliged to pay additional contributions in accordance with Part 1 Chapter 1 § 34 of the Framework Rules, which shall be collected by the Association on the basis of the uniform principles referred to in § 42(2) if the means of the Recognised IPS Subpool are not sufficient to cover its fund requirements from means of the Recognised IPS Subpool in the event of recourse to the Protection Scheme or if the collection of additional contributions is planned
  - as part of the Supraregional RIF Compensation Mechanism in accordance with Part 1 Chapter 3 § 71(1), (2) of the Framework Rules,
  - as part of the Scheme-wide RIF Compensation Mechanism in accordance with Part 1 Chapter 1 § 32(2) of the Framework Rules,
  - to cover means required if the RIF target level is exceeded in accordance with Part 1 Chapter § 33(1), (2) of the Framework Rules, or
  - to cover the expenses for interest, principal repayment and costs of loans in accordance with Part 1 Chapter 1 § 35(2) of the Framework Rules.
- (6) To repay loans, member savings banks shall be obliged in accordance with § 62(4) and (5) to make special payments, which shall be collected by the Association in accordance with the uniform principles referred to in § 42(2).

- (7) The Protection Scheme shall be informed without delay about the annual contributions, special contributions, additional contributions and special payments made in accordance with the paragraphs above. In the event of differences of opinion between the Protection Scheme and the Association with regard to compliance with the uniform principles referred to in § 42(2), the Protection Scheme may bring the matter to the governance body of the Protection Scheme. If the governance body considers that the Association has failed to comply with the uniform principles referred to in § 42(2), the governance body may require an adjustment.
- (8) The annual contributions specified in subsection (3), as well as the special contributions specified in subsection (4) above, the additional contributions specified in subsection (5) above and the special payments specified in subsection (6) above shall be made by member savings banks upon first request. Member savings banks shall provide relevant guarantee declarations to the Association (as the owner of the Recognised IPS Subpool) and the DSGV (as the owner of the Protection Scheme).
- (9) The target volume of the Additional IPS Subpool ("**AIF target volume**") as part of the target level of the Additional IPS Fund (in accordance with Part 2 Chapter 1 § 134(3) of the Framework Rules; "**AIF target level**") shall be determined on the basis of the principles specified in § 42(4).
- (10) To determine the AIF target volume, the member savings banks shall report to the Association by 15 March of each year the amount of their total risk exposure amount as at 31 December of the previous year. The "**total risk exposure amount**" has the meaning resulting from the principles referred to in § 42(4).
- (11) The member savings banks shall pay annual contributions to the Additional IPS Subpool at least until the AIF target volume has been reached. These contributions shall be collected by the Association in accordance with the principles referred to in § 42(4).
- (12) The member savings banks shall be obliged to pay additional contributions in accordance with Part 2 Chapter 1 § 142 of the Framework Rules, which shall be collected by the Association on the basis of the principles referred to in § 42(4) if the collection of additional contributions is planned
  - to cover means required if the existing means in accordance with Part 2 Chapter § 141(1), (2) of the Framework Rules are exceeded, or
  - to cover the expenses for interest, principal repayment and costs of loans in accordance with Part 2 Chapter 1 § 141(3) in conjunction with Part 1 Chapter 1 § 35(2) of the Framework Rules.
- (13) The Protection Scheme shall be informed without delay about the contributions and additional contributions collected in accordance with subsections (9) to (12) above. In the event of differences of opinion between the Protection Scheme and the Association with regard to compliance with the principles referred to in § 42(4), the Protection Scheme may bring the matter to the governance body of the Protection Scheme. If the governance body considers that the Association

has failed to comply with the uniform principles referred to in § 42(4), the governance body may require an adjustment.

- (14) The annual contributions specified in subsection (11) above and the additional contributions specified in subsection (12) above shall be made by member savings banks upon first request. Member savings banks shall provide relevant guarantee declarations to the Association (as the owner of the Additional IPS Subpool) and the DSGV (as the owner of the Protection Scheme).
- (15) The Association may encourage the member savings banks to take financial precautions to offset economic charges arising from future increases in the contributions to the Protection Scheme.

#### **§ 44 Limitation on Payment Obligation, Postponement and Exemption**

- (1) The collection of special contributions and special payments in accordance with § 43(4) and (6) shall be limited in accordance with Part 1 Chapter 1 § 36(1) of the Framework Rules. With the agreement of the Protection Scheme and the consent of BaFin (Section 48(2) no. 4 in conjunction with Section 27(5) of the Deposit Guarantee Act), the savings bank subfund can postpone the collection of all or part of the special contributions and special payments by a member savings bank in accordance with Part 1 Chapter 1 § 36(2) of the Framework Rules.
- (2) Additional contributions in accordance with § 43(5) must not exceed the difference between the available means of the Recognised IPS Subpool and the RIF target volume, unless additional contributions over and above this are required in accordance with § 43(5) 3rd and 4th indent of the Rules in conjunction with Part 1 Chapter 1 § 33, § 34 of the Framework Rules. Additional contributions in accordance with § 43(12) must not exceed the difference between the existing means of the Additional IPS Subpool and the AIF target volume, unless additional contributions over and above this are required in accordance with § 43(12) of the Rules in conjunction with Part 2 Chapter 1 § 141, § 142 of the Framework Rules.
- (3) Use of additional contributions in accordance with § 43(5) and/or (12) may not restrict the freedom of the individual member savings banks to an extent that would be incompatible with their independence as an independent economic enterprise (“**substantial risk**”); in this respect, the savings bank subfund shall not require additional contributions by an affected member savings bank in accordance with Part 1 Chapter 1 § 36(4) of the Framework Rules.
- (4) The sum of the additional contributions of a member savings bank in accordance with § 43 (5) of the Rules in conjunction with Part 21 Chapter 1 § 33 of the Framework Rules and/or in accordance with § 43(12) of the Rules in conjunction with Part 2 Chapter 1 § 141 of the Framework Rules (if applicable, in conjunction with Part 1 Chapter 1 § 35(2) sentence 5 of the Framework Rules) is limited under Part 1 Chapter 1 § 36(5) of the Framework Rules by a cap; in this respect, the savings bank subfund will not require the payment of additional contributions by an affected member savings bank in accordance with Part 1 Chapter 1 § 36(5) of the Framework Rules.

#### **IV. Risk Monitoring, Prevention and Recovery Measures**

##### **§ 45 Early Identification of Risks, Risk Monitoring, Reporting to the Transparency Committee**

- (1) The purpose of the Protection Scheme is to identify undesirable developments, risks and exposures of member savings banks as early as possible in order to adopt the necessary countermeasures. The member savings banks are obliged to support all measures that serve the early identification of risks, including audit measures by the Audit Unit at the member savings banks' expense on the basis of Part 1 Chapter 1 § 7a of the Framework Rules.
- (2) Within the framework of the Protection Scheme, the savings bank subfund shall operate a risk monitoring system that is designed to identify risks at an early point in time and to define different levels of measures and intervention rights. Further details are laid down in the Risk Monitoring Principles of the Savings Banks Finance Group's Protection Scheme (Part 1 Chapter 7 of the Framework Rules).
- (3) The risk monitoring results shall be reported to the Transparency Committee set up within the Protection Scheme.

##### **§ 46 Regular Audit**

In order to attain the objectives referred to in § 45(1) and to assess the risk exposure, the Association shall be entitled to have its audit office audit the financial circumstances of each member savings bank at the latter's expense. This audit must be performed at least once a year. The results of this audit and its assessment by the audit office shall be communicated to the Association and explained to the members of the executive board and the administrative board of the member savings bank in a meeting. The Association has the right to attend this meeting. The economic situation of the member savings bank shall be analysed and described in a manner that is understandable for the participants. This meeting may be combined with the Supervisory Board's final discussion on the result of the audit of the annual financial statements. In cases where § 38(1b) applies, a joint audit of the common member savings bank shall be performed by the audit offices of the two savings banks associations.

##### **§ 47 General Duties of Care**

- (1) General duties of care to be observed by the member savings banks shall include in particular:
  - compliance with statutory duties of care, especially those defined in legislation on organisational structures, in the present Rules and in legislation on banking supervision;
  - an adequate level of planning, control and supervision;
  - creating and maintaining the conditions in terms of human and physical resources as well as the organisational structure required to conduct the business;
  - maintaining a reasonable ratio of risks taken by a member savings bank (including borrower default risks for specific size and/or industry structures) to the risk coverage potential available to the member savings bank concerned;

- conducting an appropriate analysis of earnings opportunities and risk exposures prior to launching new business lines.
- (2) Compliance by member savings banks with general duties of care as specified in (1) below shall be monitored within the framework of the audit of the annual financial statements.<sup>2</sup>

#### **§ 48 Information on Special Events**

- (1) Member savings banks shall be obliged to inform the Association of special events. Special events are deemed to be the following developments in particular:
- the existence of the qualitative and/or quantitative criteria for the implementation of recovery and/or support measures in accordance with § 52 and § 53 of these Rules in conjunction with Part 1 Chapter 1 § 22(3) and § 23(2) of the Framework Rules;
  - acquisitions and disposals of significant investments as specified in Article 43(a) of the CRR;
  - risks resulting from a breach of duties of care as specified in § 47;
  - risks as a result of which own funds or liquidity can be expected to fall below the statutory or regulatory requirements;
  - reports under Section 24(1) Nos. 4 and 9 of the German Banking Act;
  - circumstances which trigger a duty of disclosure to supervisory authorities and which may be relevant for the purposes of the Protection Scheme;
  - requests for information, hearings and requirements imposed by supervisory authorities that could be relevant for the purposes of the Protection Scheme;
  - emergence of facts that may lead to substantial losses;
  - facts, as specified in Section 29(3) of the German Banking Act, which justify a qualified or adverse audit opinion, or which may have a material adverse effect on a member savings bank's development;
  - extraordinary changes in key ratios used for risk monitoring purposes.
- (2) The following bodies shall be authorised to inform the Association about any development that might jeopardise the survival or seriously impair the development of member savings banks:
- owners of member savings banks;

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<sup>2</sup> Institutions that are not audited by the audit office of the Association are required to instruct their auditor to include compliance with these duties of care in the audit and to report on them on the audit report.

- the competent supervisory authorities;
- the resolution authority;
- the auditors of the annual financial statements of member savings banks;
- auditors who perform audits under the provisions of the Deposit Protection Act, the German Banking Act or the present Rules.

The Association shall be authorised to seek from said bodies any information that is relevant to the savings bank subfund or the Protection Scheme.

#### **§ 49 Other Information Obligations**

- (1) In addition, member savings banks shall be obliged to furnish, at the Association's request, any information or documents that are necessary or helpful for assessing their risk exposure.
- (2) The Association shall inform the Protection Scheme if such information or the regular audit as defined in § 46 or the information on special events as defined in § 48 above reveals a conspicuous risk exposure as specified in Part 1 Chapter 7 of the Framework Rules.
- (3) If there is evidence of conspicuous risk exposure, the member savings bank concerned shall be obliged to furnish, at the request of the Association or the Protection Scheme, any additional information or documents which may help to explain and clarify matters.

#### **§ 50 Review of Conspicuous Risk Exposure to Assess the Risk of a Compensation Case**

Supplementing § 46, a member savings bank shall be obliged at any time to allow audits ordered by the Association or the management of the Protection Scheme to be performed at its expense if there is reasonable evidence of conspicuous risk exposure to assess the risk of a compensation case in accordance with Sections 35 and 36 of the Deposit Guarantee Act. They shall grant access to any documents that are required for a thorough audit. Sentences 1 and 2 apply, *mutatis mutandis*, in the event of an audit by the Audit Unit on the basis of Part 1 Chapter 1 § 7a of the Framework Rules.

#### **§ 51 Preventive Measures**

- (1) In accordance with Part 1 Chapter 1 § 20(1) of the Framework Rules, preventive measures serve to prevent circumstances that could jeopardise a member savings bank as a going concern or materially adversely affect its development or otherwise give rise to a notification in accordance with Section 29(3) of the German Banking Act ("**preventive measures**").
- (2) The savings bank subfund shall take preventive measures against member savings banks in accordance with Part 1 Chapter 1 § 20(2) and (3) of the Framework Rules if there are indications of a risk situation in accordance with the principles for risk monitoring.
- (3) In accordance with Part 1 Chapter 1 § 21(1) of the Framework Rules, the savings bank subfund shall decide on prevention measures at its member savings banks and implement them. In accordance with Part 1 Chapter 1 § 21(2) of the Framework Rules, the management of the Protection Scheme is entitled to call on the savings bank subfund to take preventive measures.

- (4) The savings bank subfund shall decide on preventive measures at its own discretion. Member savings banks or third parties may not require the savings bank subfund to take a specific decision.

## **§ 52 Recovery Measures**

- (1) In accordance with Part 1 Chapter 1 § 22(1) of the Framework Rules, recovery measures serve to prevent circumstances that could jeopardise a member savings bank as a going concern or materially adversely affect its development or otherwise give rise to a notification in accordance with Section 29(3) of the German Banking Act (“**recovery measures**”).
- (2) The Protection Scheme shall decide, in accordance with Part 1 Chapter 1 § 22(3), (4) of the Framework Rules if the qualitative or quantitative criteria for the adoption of recovery measures for member savings banks of the savings bank subfund are met.
- (3) Decisions on restructuring measures for member savings banks of the savings bank subfund shall be taken by the savings bank subfund or the governance body in accordance with Part 1 Chapter 1 § 24 of the Framework Rules and shall be taken in an application procedure.
- (4) The savings bank subfund shall decide on recovery measures at its reasonable discretion. Member savings banks or third parties may not require the savings bank subfund to take a specific decision. The savings bank subfund shall allow the management of the Protection Scheme to participate in the meeting of the savings bank subfund.

## **V. Support Measures**

### **§ 53 Principles**

- (1) In accordance with Part 1 Chapter 1 § 23(1) of the Framework Rules, support measures serve to avert a threat to a member savings bank as a going concern, in particular by ensuring liquidity and solvency within the meaning of Section 49(1) sentence 1 of the Deposit Guarantee Act with the least possible use of funds (“**support measures**”).
- (2) In accordance with Part 1 Chapter 1 § 23(2) to (6) of the Framework Rules, the Protection Scheme shall decide on support measures for a member savings bank of the subfund if there are concrete indications that the occurrence of a threat to the existence of a member institution within the meaning of Section 63(1) of the Act on the Recovery and Resolution of Financial Institutions.

### **§ 54 Decision**

- (1) Decisions on support measures for member savings banks of the savings bank subfund shall be taken by the savings bank subfund or the governance body in accordance with Part 1 Chapter 1 § 24 of the Framework Rules and shall be taken in an application procedure.
- (2) Insofar as the responsibility of the savings bank subfund for deciding on an application for a support measure at a member savings bank is given in accordance with Part 1 Chapter 1 § 24(5) in conjunction with subsection (6) sentence 1 and Part 2 Chapter 1 § 144 of the Framework Rules, the savings bank subfund shall decide on the measure.

- (3) The subject matter of the decision by the savings bank subfund is, in particular,
- the determination of recourse to the Protection Scheme where the conditions for support under Part 1 Chapter 1 § 23(2) are met;
  - taking and determining the support measures to be implemented in accordance with Part 1 Chapter 1 § 23(3) to (6) of the Framework Rules as well as the necessary conditions for the member savings bank concerned;
  - determination whether the RIF target volume of the Recognised IPS Subpool is sufficient to cover the needs of the support measures, or whether this needs a Supraregional RIF Compensation Mechanism or a Scheme-wide RIF Compensation Mechanism in one of the potential orders of support in accordance with Part 2 Chapter 1 § 146 of the Framework Rules;
  - determination whether the existing means of the Additional IPS Subpool (taking into account Part 2 Chapter 1 § 148 § 148§ 146(3) of the Framework Rules) are sufficient to cover the needs of the support measures, or whether this needs a Supraregional AIF Compensation Mechanism or a Scheme-wide AIF Compensation Mechanism in one of the potential orders of support in accordance with Part 2 Chapter 1 § 146 of the Framework Rules;
  - determining the order of support to be applied according to Part 2 Chapter 1 § 146 of the Framework Rules;
  - Confirmation of the support agreement.
- (4) The savings bank subfund shall take its decision within the period determined in accordance with Part 1 Chapter 1 § 24(6) sentences 1, 2 of the Framework Rules. If the savings bank subfund rejects the determination of recourse to the Protection Scheme or the support measure applied for, or if it determines that the RIF target volume is insufficient to cover the funding needs for the support measure, or that a Supraregional RIF Compensation Mechanism or Scheme-wide RIF Compensation Mechanism is required for this purpose in one of the potential orders of support in accordance with Part 2 Chapter 1 § 146 of the Framework Rules, or that the existing means of the Additional IPS Subpool (taking into account Part 2 Chapter 1 § 148 § 146(3) of the Framework Rules) are insufficient to cover the funding needs for the support measures, or a Supraregional AIF Compensation Mechanism or Scheme-wide AIF Compensation Mechanism is required for this purpose in one of the potential orders of support in accordance with Part 2 Chapter 1 § 146 of the Framework Rules, it shall forward the application to the governance body for a final decision without undue delay.
- (5) The decision by the savings bank subfund shall be taken by the executive Board of the Association, after prior involvement of the audit office, with a majority of two-thirds of its members. The Association Board shall decide at its reasonable discretion. Member savings banks or third parties may not require the Association Board to take a specific decision. The savings bank subfund shall allow the management of the Protection Scheme to participate in the meeting of the Association Board.

- (5a) In the event of § 38(1b), the two regional associations' bodies which are responsible in accordance with subsection (5) sentence 1 shall reach agreement on whether recourse to the Protection Scheme is required. If no agreement is reached, it shall be assumed that recourse to the Protection Scheme is required if one of the two regional associations has found that the requirements have been met.

#### **§ 55 Requirements due to the Deposit Guarantee Act**

- (1) Support measures using means of the Recognised IPS Subpool must meet the requirements laid down in Section 49(1) of the Deposit Guarantee Act, even in the absence of explicit provisions in the present Rules.
- (2) Support measures must not be implemented using means of the Recognised IPS Subpool if a resolution measure in accordance with Section 62 of the Recovery and Resolution Act has already been initiated (Section 49(1) sentence 1 No. 2 of the Deposit Guarantee Act) or if BaFin has found that the requirements for such a measure have been met (Section 49(2) of the Deposit Guarantee Act).
- (3) Prior to taking a decision as specified in § 54(5), the Association – with the involvement of the Protection Scheme – shall agree with BaFin on the envisaged support measures using means of the Recognised IPS Subpool and the requirements to be imposed in this connection (Section 49(1) sentence 3 of the Deposit Guarantee Act).
- (4) Where support measures can be expected to lead to (i) either a reduction of the means of the Recognised IPS Subpool to less than 25% of the RIF target volume or (ii) a reduction of the available means of the Recognised IPS Fund to less than 25% of the RIF target level, the savings bank subfund must obtain the approval of the management of the Protection Scheme before its resolution in accordance with § 54(5).
- (5) Member savings banks of the savings bank subfund shall be obliged to make available means of the Recognised IPS Subpool that are used for support measures by the savings bank subfund again without delay by paying special contributions in accordance with § 43(4) if
  - depositors have to be indemnified and if the available means of the Recognised IPS Fund amount to less than two-thirds of the RIF target level, or if the available means of the Recognised IPS Subpool amount to less than two-thirds of the RIF target volume as specified in § 43(1), or
  - the available means of the Recognised IPS Fund fall below 25% of the RIF target level or the available means of the Recognised IPS Subpool fall below 25% of the RIF target volume as specified in § 43(1).

As an alternative to collecting special contributions under sentence 1, the savings bank subfund may also collect additional contributions directly to finance a support measure.

## **§ 56 Information Obligations in the Event of Recourse to the Protection Scheme**

In the event of recourse to the Protection Scheme, the member savings bank concerned shall, in the interest of transparency, grant to the Association and to the Protection Scheme full access to information on its financial situation. It shall provide all the available information that is required to assess the institution's situation.

## **§ 57 Owner Contributions**

- (1) In the event of recourse to the Protection Scheme, the owners<sup>3</sup> of the member savings banks of the savings bank subfund are expected to make their own support contributions that are proportionate to their economic interest in averting the threat to the existence of the member savings bank.
- (2) Support measures of the savings bank subfund aimed at maintaining the member savings bank as a going concern are normally only considered if the owners pay appropriate support contributions. Part 1 Chapter 1 § 23(4) sentence 4, (5) sentences 3 and 4 of the Framework Rules apply.
- (3) With regard to the appropriateness of contributions by owners, it must be taken into account whether and to what extent the owners have made recovery contributions in accordance with Part 1 Chapter 1 § 22(4) sentence 1 3rd indent of the Framework Rules before recourse to the Protection Scheme. This is without prejudice to the legal framework governing decisions by the owners about their own support contributions.

## **§ 58 Restructuring and Recovery Concept, Granting Access to Covered Deposits; Requirements**

- (1) Any support measures shall be based on a restructuring and recovery concept to be prepared on behalf of the Association by the member savings bank or a competent third party. The concept should include in particular:
  - analysis of the problem situation and its causes;
  - catalogue for short-term support measures;
  - a timetable for the initiation, implementation and completion of necessary support measures;
  - an assessment and appraisal of the member savings bank's future development prospects.
- (2) If the member savings bank concerned is in default with regard to the payment of its annual contributions, special contributions, additional contributions or special payments or the performance of information obligations or other material cooperation obligations as laid down in these

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<sup>3</sup> Applies, mutatis mutandis, to other organisational forms.

Rules, this shall be taken into consideration in the decision on conditions in accordance with subsection (4).

- (3) A support measure using means of the Recognised IPS Subpool may only be implemented if it is linked to a commitment by the member savings bank receiving the support to grant access to covered deposits within the meaning of Section 2(5) of the Deposit Guarantee Act (Section 49(1) sentence 1 No. 5 of the Deposit Guarantee Act).
- (4) Support measures shall be made dependent on the fulfilment of requirements which, compared with applicable provisions, will include at least stricter risk monitoring and more extensive auditing rights for the Association within the framework of the Protection Scheme (Section 49(1) sentence 1 No. 4 Deposit Guarantee Act). In addition, requirements that may be considered shall include in particular:
- Drawing on open reserves and releasing prudential reserves in accordance with Section 340(f) of the German Commercial Code and Section 26(a) of the German Banking Act (old) to cover losses where this does not conflict with statutory requirements;
  - Accounting measures (e.g. depreciation, amortisation, write-downs and valuation allowances only to the extent absolutely necessary, exhaustion of valuation options, reversals of write-downs to the extent allowed by law);
  - Sale or transfer of interests and other assets;
  - Obligation to comply with requirements regarding the management of the member savings bank;
  - Implementing operational measures, in particular measures relating to the organisational structure;
  - Implementing personnel measures, in particular removing the responsible board members;
  - Mergers of member savings banks to the extent allowed by savings bank law;
  - Assigning the member savings bank's ownership to the Association or an organisational unit established for this purpose by the Association or the Protection Scheme or the establishment of a comparable structure to the extent allowed by savings banks law and while taking due account of the Savings Banks Finance Group's association policy;
  - engaging the services of external consultants with the necessary experience and expertise;
  - issuance of a debtor warrant or comparable instrument.
- (5) When requirements are imposed, due account shall be given to the specific problems of the member savings bank and the effects associated with the requirements. In addition to the owner contributions, the conditions referred to in subsection (4) 8th and/or 10th indent shall as a rule be

used for support measures under which means of the Recognised IPS Fund and/or the Additional IPS Fund are allocated. In the event of § 38(1b), where the savings bank subfund is responsible for deciding on an application for a support measure at the member savings bank in accordance with Part 1 Chapter 1 § 24 (5) in conjunction with subsection (6) sentence 1 of the Framework Rules, an understanding about the requirements to be imposed shall be reached between the two regional savings banks associations prior to the implementation of the support measures. The member savings banks are obliged to comply with the requirements without undue delay.

- (6) In the event of a support measure, the management of the Protection Scheme shall be entitled to engage external experts to supervise compliance with the restructuring and recovery concept at the expense of the member savings bank. The experts shall report to the management of the Protection Scheme, the savings bank subfund and the member savings bank.

### **§ 59 Support Agreement**

- (1) The parties involved in the recovery of the institution shall conclude a support agreement. This agreement shall specify the support measures, the means to be provided, the commitment under § 58(3), the requirements under § 58(4) and the duration of the recovery phase, as well as the conditions under which the member savings bank is obliged to refund the funds provided for the recovery.
- (2) If new support measures are required during the term of a support agreement, there is a need for further recourse to the Protection Scheme, which requires a new application in accordance with Part 1 Chapter 1 § 24(2) of the Framework Rules and a new decision by the competent body of the Protection Scheme in accordance with Part 1 Chapter 1 § 24(6) or (7) of the Framework Rules, if necessary in conjunction with § 54(5) of these Rules. The support agreement may provide otherwise where this is required in view of the nature, scope and complexity.

### **§ 60 Information to be Provided to the Protection Scheme**

- (1) The savings bank subfund shall inform the management of the Protection Scheme as soon as it has knowledge of the existence of the qualitative and/or quantitative criteria for the implementation of recovery and/or support measures in accordance with § 52 and of § 53 these Rules in conjunction with Part 1 Chapter 1 § 22(3) and § 23(2) of the Framework Rules at a member savings bank.
- (2) The savings bank subfund shall inform the management of the Protection Scheme as soon as it receives an application for a recovery or support measure in accordance with Part 1 Chapter 1 § 24(5) of the Framework Rules.
- (3) The savings bank subfund shall immediately notify the management of the Protection Scheme of all decisions on prevention measures in accordance with § 51(4) of these Rules, on recovery measures in accordance with § 52(4) of these Rules and on support measures in accordance with § 54(5) of these Rules. This also includes decisions of the savings bank subfund not to take a prevention measure in the event of a request by the management of the Protection Scheme in accordance with § 51(3) sentence 2 of these Rules in conjunction with Part 1 Chapter 21 § 21(2) of the Framework Rules or a recovery or support measure applied for in accordance with § 52(3) or § 54(1) of these Rules in conjunction with Part 1 Chapter 1 § 24 of the Framework Rules.

## **VI. Deposit Guarantee**

### **§ 61 Handling of Compensation Cases by the Protection Scheme**

- (1) Compensation cases within the scope of the deposit guarantees shall be handled by the Protection Scheme in accordance with Part 1 Chapter 1 Section III of these Rules and the provisions of the Deposit Guarantee Act.
- (2) Above and beyond the statutory requirements, the savings bank subfund or the Protection Scheme shall not be obliged within the scope of deposit guarantees to make compensation payments.

### **§ 62 Use of the Recognised IPS Subpool to Handle Compensation Cases; Rights of Use by the Protection Scheme**

- (1) The Association shall be externally liable with the special assets of the Recognised IPS Subpool created for the savings bank subfund – irrespective of the internal burden sharing laid down in these Framework Rules – jointly with the other subfunds that form the Recognised IPS Fund with regard to any compensation claims by depositors against the Protection Scheme, based on the Deposit Guarantee Act. The Protection Scheme shall have the right to use the Recognised IPS Subpool of the savings bank subfund as specified in the sections below when handling compensation cases.
- (2) The Protection Scheme shall have full access to the Recognised IPS Subpool for deposit guarantee purposes. To this end, the Association shall grant extensive rights to the Protection Scheme to use the Recognised IPS Subpool and shall give the necessary powers of attorney, which shall be confirmed in a separate certificate upon request. As a rule, the Protection Scheme will first request the Association to make payment without undue delay. The Association will designate the bank accounts and securities deposit accounts held or established for the Recognised IPS Subpool and give to the Protection Scheme an overview of the accounts' balance and the investments made.
- (3) The Protection Scheme may also use the powers of attorney specified in (2) above to handle compensation cases involving institutions (Section 10 of the Deposit Guarantee Act) that are members of the Protection Scheme without being members of the Association. In this case, the use of the Recognised IPS Subpool shall be treated internally as a loan granted by the savings bank subfund to the Recognised IPS Subpool of the subfund at which the institution concerned is a member.
- (4) Furthermore, the Protection Scheme shall be entitled to take out a loan for the account of the Recognised IPS Subpool of the savings bank subfund in order to handle a compensation case involving a member savings bank of the Association (Section 10 of the Deposit Guarantee Act) if, and to the extent that, the liquid funds available to the Recognised IPS Subpool are not sufficient. The Association shall repeat this power of attorney in a separate document upon request.
- (5) If the Protection Scheme uses the assets of another subfund of the Protection Scheme to handle a compensation case involving a member savings bank (Section 10 of the Deposit Guarantee Act), this shall also be considered a loan within the meaning of (4) above.

- (6) The interest rate charged for loans granted within the scope of the Protection Scheme as specified in (3) and (5) above shall be the risk-free rate of the swap curve, depending on the term of the loan in relation to the 6-months EURIBOR plus a premium of 100 basis points. If the interest rate plus premium turns negative, it is frozen at zero.
- (7) Subject to the conditions set out in Part 1 Chapter 1 § 14 of these Framework Rules, other sub-funds shall take part in the repayment of the loans taken out or granted as specified in (3), (4) and/or (5) above.
- (8) In the event of recourse to the Protection Scheme as laid down in Section 145 of the Act on the Recovery and Resolution of Financial Institutions, the above paragraphs apply, *mutatis mutandis*.

## **VII. Organisational Structure**

### **§ 63 Support Fund Committee**

The Association may establish, and delegate responsibilities to, a Support Fund Committee. The members of this committee should include at least the Chairman of the Association's General Meeting, the Association's Chairman, and the Presidents of the regional savings banks associations. The head of the audit office attends in an advisory capacity. The management of the Protection Scheme may attend as guests.

### **§ 64 Monitoring Committee**

The Association shall set up a Monitoring Committee which may be merged with the Support Fund Committee. Further details are laid down in the Risk Monitoring Principles of the Savings Banks Finance Group's Protection Scheme (Part 1 Chapter 7 of the Framework Rules). As a general principle, the Monitoring Committee decides on the engagement of the Audit Unit to audit member savings banks within the meaning of Part 1 Chapter 1 § 7a(3) of the Framework Rules.

## **VIII. Other Provisions**

### **§ 65 Duty of Confidentiality**

- (1) All those who are involved in prevention, recovery, support or compensation measures or who become active for the purposes of the Protection Scheme shall be obliged to maintain confidentiality with regard to all operations and information that they take cognizance of in connection with their activities. This also applies to employees and to the members of institutions, bodies and committees and shall continue to apply after the termination of their activities.
- (2) This shall not affect the right to disclose information to supervisory and audit authorities in accordance with statutory provisions.

### **§ 66 Annual Financial Statements and Annual Report, Assistance in the Preparation of the Protection Scheme's Annual Financial Statements and Annual Report**

- (1) As of 31 December, the Association shall prepare the annual financial statements and an annual report for the savings bank subfund, based on uniform guidelines to be adopted by the Protection

Scheme's governance body. Every year, these documents shall be provided in good time by 30 April to the management of the Protection Scheme and by 31 May to the supreme supervisory authority for savings banks, the BaFin and the Deutsche Bundesbank.

- (2) The Association shall provide assistance in the preparation of the annual financial statements and the Annual Report for the Recognised IPS Fund in accordance with Part 1 Chapter 1 § 10 of the Framework Rules (including the report in accordance with Section 52 of the Deposit Guarantee Act). The Association shall provide the management of the Protection Scheme and the auditor appointed by the Protection Scheme with access to all the documents and information required for this purpose and shall provide all the information required for this purpose. Sentences 1 and 2 apply, mutatis mutandis, to any other reporting and information requirements to be met by the Protection Scheme, imposed by or on the basis of the Deposit Guarantee Act.
- (3) The Association shall provide assistance in the preparation of the annual financial statements and the Annual Report for the Additional IPS Fund in accordance with Part 2 Chapter 1 § 138. The Association shall provide the management of the Protection Scheme and the auditor appointed by the Protection Scheme with access to all the documents and information required for this purpose and shall provide all the information required for this purpose.

#### **§ 67 Closure of the Savings Bank Subfund**

- (1) The Association's General Meeting shall decide on the closure of the savings bank subfund and on the procedure to be applied to winding it up. Obligations arising from Section 47(4) sentence 2 in conjunction with Section 25(2) of the Deposit Guarantee Act shall be complied with in this context. In addition, the Recognised IPS Subpool shall be used by the Association for purposes of deposit protection or institutional protection and the Additional IPS Subpool shall be used for purposes of institutional protection.
- (2) The Protection Scheme shall be given advance notice as laid down in Article 113(7)(f) of the CRR of the intended closure of the savings bank subfund. The period of notice may be shortened by the management of the Protection Scheme with the approval of the Protection Scheme's governance body.

#### **§ 68 Effect of and Subsequent Amendments to the Framework Rules; Participation in the Supra-regional Compensation Mechanism and in the Protection Scheme; Legal Consequences of Withdrawal or Exclusion from the Protection Scheme**

- (1) The Framework Rules of the Protection Scheme, which are annexed to these Rules, form an integral part of these Rules. The provisions of Part 1 Chapter 1, Chapter 3, Chapter 4, Chapter 5, Chapter 6, Chapter 7, Chapter 8, Part 2 and Part 3 of the Framework Rules apply directly to and against the savings bank subfunds and the member savings banks that are members of the Protection Scheme. Subsequent amendments to Part 1 Chapter 1, Chapter 3, Chapter 4, Chapter 5, Chapter 6, Chapter 8, Part 2 and Part 3 of the Framework Rules require a corresponding amendment to the Annex to these Rules in order to be effective in respect of the member savings banks that are members of the Protection Scheme. Amendments to the Risk Monitoring Principles of the Savings Banks Finance Group (Part 1 Chapter 7 of the Framework Rules) shall have immediate and immediate effect in respect of the member savings banks that are members of the Protection Scheme and shall not require a prior amendment to the Annex to these Rules.

- (2) The Association and the member savings banks participate, actively and passively, in the savings bank subfunds' Supraregional RIF Compensation Mechanism, savings bank subfunds' Supraregional AIF Compensation Mechanism and in the Protection Scheme in accordance with Part 1 Chapter 1 and Chapter 3 and Part 2 Chapter 1 and Chapter 2 of the Framework Rules. The Association shall bear a pro-rata share (calculated on the basis of the RIF target volume) of the operating costs of the Supraregional RIF Compensation Mechanism. Starting on 1 January 2025, the Association shall bear a pro rata share (calculated according to the RIF target volume) of the other costs of operating the Protection Scheme directly attributable to the Recognised IPS Fund, and a pro rata share (calculated according to the AIF target volume) of the costs of operating the Protection Scheme directly attributable to the Additional IPS Fund. Starting on 1 January 2025, the Association shall bear a pro rata share of the other costs of operating the Protection Scheme; the share of these costs shall be calculated for the Recognised IPS Subpools forming the Recognised IPS Fund on the one hand and the Additional IPS Subpools forming the Additional IPS Fund on the other, according to the ratio of the RIF target level and the AIF target level; the allocation between the Recognised IPS Subpools shall be in proportion to their RIF target volumes and the allocation between the Additional IPS Subpools shall be in proportion to their AIF target volumes.
- (3) If a member savings bank is excluded from the Protection Scheme in accordance with Part 1 Chapter 1 § 4 of the Framework Rules, its rights and obligations in respect of the savings bank subfund and the IPS subpools shall expire at the same time.

#### **§ 69 Amendments to the Rules**

Before a decision is taken, the Protection Scheme shall be given at least six months' notice of intended amendments to these Rules which derogate from the provisions of the Model Rules in accordance with Part 1 Chapter 2 of the Framework Rules. The management of the Protection Scheme may, with the approval of the Protection Scheme's governance body, object to amendments to the Rules where such amendments lead to significant deviations from Part 1 Chapter 2 of the Framework Rules. Such an objection shall not prevent the Association from implementing the intended amendment to the Rules. However, the Association shall observe the advance notice laid down in Article 113(7)(f) of the CRR when implementing amendments to the Rules contested in accordance with sentence 1 above. The period of notice may be shortened by the management of the Protection Scheme with the approval of the Protection Scheme's governance body.

### Chapter 3

## Rules for the Savings Bank Subfunds' Supraregional RIF Compensation Mechanism

### Applying to Institutional Protection Measures

#### § 70 Recourse to the Supraregional Compensation Mechanism

- (1) The regional savings banks associations ("**regional associations**") operate subfunds to support their member savings banks in accordance with Chapter 2.
- (2) Should a regional association's means required to deal with recourse to the Protection Scheme in the context of institutional protection exceed its RIF target volume when means of its Recognised IPS Subpool Savings Banks are used, the Supraregional Compensation Mechanism between the Recognised IPS Subpools Savings Banks shall provide the necessary means in accordance with the provisions below ("**Supraregional RIF Compensation Mechanism**"), provided that the provisions of the Model Rules laid down in Part 1 Chapter 2 in conjunction with Part 1 Chapter 1 and Part 2 Chapter 1 of the Framework Rules are complied with. When support is provided to a savings bank that is a member of two savings bank subfunds as set out in Part 1 Chapter 2 § 38(1a), this shall already apply if the means to be provided exceed the RIF target volume of only one of these two Recognised IPS Subpools Savings Banks. In the event of a merger between regional associations, the respective Recognised IPS Subpools Savings Banks of these associations shall be merged into a single Recognised IPS Subpool Savings Banks. The merger agreement may provide that, for a period of five years from the effective date of the merger, the merged regional association will separately budget the two previous Recognised IPS Subpools Savings Banks as parts of the merged Recognised IPS Subpool Savings Banks; and if, within this period of time, recourse to the Protection Scheme is made, the required means will be provided by the separately budgeted part of the Recognised IPS Subpool Savings Banks that would have been affected by the recourse prior to the merger. In this case, the separately managed parts of the Recognised IPS Subpool Savings Banks shall be treated as separate funds for the purposes of the Supraregional RIF Compensation Mechanism.
- (3) If several member savings banks of a savings bank subfund fulfil the conditions for substantial risk exposure as specified in Part 1 Chapter 2 § 44(3) in conjunction with Part 1 Chapter 1 § 36(4) of the Framework Rules, the regional association concerned may have direct recourse to the Supraregional RIF Compensation Mechanism and file an application for advance provision of funds for support measures by the Supraregional RIF Compensation Mechanism. When providing support to a savings bank that is a member of two savings bank subfunds in accordance with Part 1 Chapter 2 § 38(1b), an application for advance provision of funds for support measures by the Supraregional RIF Compensation Mechanism may also be filed by only one of these two savings bank subfunds. The regional association concerned shall assert the conditions set out in sentence 1 without delay, however no later than prior to the decision on the measures to be taken in accordance with § 75.
- (4) If an institution is associated with the *Landesbanken* subfund via a separate subfund in accordance with Part 1 Chapter 4 § 77(3) of the Framework Rules and if, use is made of the RIF target volume of this separate Recognised IPS Subpool in the event of recourse to the Protection Scheme, the Supraregional RIF Compensation Mechanism shall provide the necessary means,

provided that the institution concerned has complied with the provisions of the affiliation agreement.

#### **§ 71 Conditions for Recourse**

- (1) Before any recourse to the Supraregional RIF Compensation Mechanism, the target volume of the regional Recognised IPS Subpool Savings Banks concerned shall be used in accordance with Part 1 Chapter 2 § 43(1). If and to the extent that the available means of the Recognised IPS Subpool Savings Banks of the regional savings bank subfund concerned fall short of the RIF target volume as specified in Part 1 Chapter 2 § 43(1), additional contributions shall be collected in accordance with Part 1 Chapter 2 § 43(5) in conjunction with Part 1 Chapter 1 § 34 of the Framework Rules. This shall not affect § 70(3). In the case of § 70(3), the member savings banks of the savings bank subfund for which there is a substantial risk shall only make additional contributions up to the limit of the substantial risk; the amount not recoverable from these member savings banks shall not be compensated within the Recognised IPS Subpool Savings Banks.
- (2) If the regional Recognised IPS Subpool Savings Banks concerned has fulfilled its obligations under subsection (1) above, the additional means required shall be covered by the other regional Recognised IPS Subpool Savings Banks from their available means or from additional contributions on a pro-rata basis, depending on their respective RIF target volume as specified in Part 1 Chapter 2 § 43(1), however not exceeding the RIF target volume of each savings bank subfund. This shall not affect the collection of additional contributions beyond this level in accordance with Part 1 Chapter 2 § 43(5) 3rd indent in conjunction with Part 1 Chapter 1 § 34(1) 3rd indent of the Framework Rules.
- (3) In the cases set out in § 70(2) sentence 2 and in (3) sentence 2, the two savings bank subfunds concerned shall – irrespective of the other savings bank subfund's payment or recourse to the Supraregional RIF Compensation Mechanism – provide support in accordance with the savings bank's share attributed to them in accordance with subsection (1) above. If one of the two savings bank subfunds has recourse to the Supraregional RIF Compensation Mechanism, the other savings bank subfund shall therefore not participate in the payments made by the Supraregional RIF Compensation Mechanism.

#### **§ 72 Provision of Means**

The means to be provided by the savings bank subfunds in accordance with § 71(2) shall be made available at the Protection Scheme's request, and these means shall be used in accordance with the decision specified in Part 1 Chapter 1 § 26(1). The management of the Protection Scheme shall coordinate the provision of the means.

#### **§ 73 Duty of Notification Incumbent upon the Regional Association, Joint Committee**

- (1) The regional association applying for support shall notify the Protection Scheme sufficiently in advance of the need for recourse to the Supraregional RIF Compensation Mechanism, the intended measures and the amount of the means probably required. The Protection Scheme shall pass on this information to the other regional associations without delay.

- (2) If the use of the Supraregional RIF Compensation Mechanism and/or the Scheme-wide RIF Compensation Mechanism is threatened if recourse is made to the Protection Scheme, the management of the Protection Scheme should convene the Joint Committee. The Joint Committee shall be composed of the DSGV President, the National Chairman of the Executive Board Members of Savings Banks, the Association's Chairman and the Presidents of the regional savings banks associations which operate savings bank subfunds.
- (3) The Joint Committee may make non-binding recommendations to the governance body for the decision referred to in Part 1 Chapter 1 § 25(1) 2nd indent of the Framework Rules.
- (4) Regional associations which operate savings bank subfunds and the management of the Protection Scheme may also convene the Joint Committee to discuss other matters relating to the Protection Scheme.
- (5) All members of the Joint Committee shall have the same voting rights. Decisions shall generally be taken by simple majority, and decisions on recommendations for decisions of the governance body on the Supraregional RIF Compensation Mechanism or Scheme-wide RIF Compensation Mechanism (Part 1 Chapter 1 § 25(1) 2nd indent of the Framework Rules) or on an amendment of Part 1 Chapter 2 and/or Chapter 3 of the Framework Rules (Part 3 § 158(4) of the Framework Rules) shall be taken by a two-thirds majority of the votes represented; abstentions shall not be considered to be votes cast. The representatives of a regional association which wishes to have recourse to the Supraregional RIF Compensation Mechanism and/or Scheme-wide RIF Compensation Mechanism shall have no right to vote. The Chair of the Conference of Presidents of regional savings banks associations chairs the meeting. If the regional association of the Chairman of the Conference of the Presidents of regional savings banks associations applies for support that regional association from the Supraregional RIF Compensation Mechanism and/or Scheme-wide RIF Compensation Mechanism, the Joint Committee shall elect another chairman at the beginning of its meeting to deal with the decisions to be taken in this context. A representative of the municipal umbrella organisations that appoint the representative to the Protection Scheme and who, at the same time, is a member of the Protection Scheme's governance body, may attend the Joint Committee's meetings as a guest without any right to vote.
- (6) Inclusion of the Joint Committee shall not delay the application procedure referred to in Part 1 Chapter 1 § 24 of the Framework Rules and the decisions of the governance body under Part 1 Chapter 1 § 25, § 26(2) of the Framework Rules.

#### **§ 74 Duty of Information Incumbent upon the Regional Association**

- (1) The regional association applying for support shall be obliged to provide extensive information to the Joint Committee and the Protection Scheme about the recourse to the compensation mechanism. In good time before the meeting of the governance body, the regional association shall provide documents indicating the reasons for the recourse to the compensation mechanism, the current risk exposure, the support already provided, the requirements imposed and the outlook for the future of the member savings bank concerned.
- (2) The Protection Scheme may, insofar as it deems necessary, invite the executive board of the member savings bank concerned to attend the meeting of the governance body. The executive board of the member savings bank concerned is obliged to furnish the information requested.

**§ 75 Decision by the Governance Body**

The governance body shall determine in accordance with Part 1 Chapter 1 § 25, § 26(2) of the Framework Rules whether the conditions for Supraregional RIF Compensation have been met and shall decide on the support measure to be implemented.

**§ 76 Association of *Landesbanken* und *Girozentralen* with Savings Bank Subfunds**

*Landesbanken* und *Girozentralen* may join a savings bank subfund if this is approved by both the regional association concerned (under the relevant rules governing the association) and, on application of the governance body of the Protection Scheme, by the General Meeting of the DSGV, based on a resolution adopted with a four-fifths majority. In this case, the institution concerned shall be regarded as a member savings bank within the meaning of Part 1 Chapter 2 and the present Chapter 3, as well as Part 2 Chapter 2.

## Chapter 4 Rules for the *Landesbanken* Subfund

### I. Members and Function of the *Landesbanken* Subfund

#### § 77 Subfund of the *Landesbanken*, *Girozentralen* and Associated Institutions

- (1) A subfund has been established by the DSGV for the following institutions (ordinary member institutions of the *Landesbanken* subfund):

Bayerische Landesbank  
DekaBank Deutsche Girozentrale  
Landesbank Baden-Württemberg  
Landesbank Berlin AG  
Landesbank Hessen-Thüringen – Girozentrale –  
Landesbank Saar  
Norddeutsche Landesbank Girozentrale

(“**Landesbanken subfund**”). As a part of the Association’s assets, the DSGV has two separate subpools for the *Landesbanken* subfund (“**IPS subpool Landesbanken**”), specifically an IPS section allocated to the Recognised IPS Fund within the meaning of the preamble to the Framework Rules (“**Recognised IPS Fund**” or “**RIF**”) (“**Recognised IPS Subpool Landesbanken**”) and an IPS section allocated to the Additional IPS Fund within the meaning of the preamble to the Framework Rules (“**Additional IPS Fund**” or “**AIF**”) (“**Additional IPS Subpool Landesbanken**”). The *Landesbanken* subfund is part of the Protection Scheme.

- (2) Institutions that are associated with the Savings Banks Finance Group may be associated with the *Landesbanken* subfund, either individually or via a separate subfund (“**Associated Member Institutions of the Landesbanken subfund**”). A condition for the association of an institution is that it is wholly owned by Affiliated Institutions of the Protection Scheme or public-law owners. Institutions should only be allowed to associated if their financial security is guaranteed. They are associated by means of an association agreement between the institution concerned and the DSGV. The provisions of this association agreement shall comply with the stipulations of the present Chapter 4 and shall be adopted by the ordinary member institutions of the *Landesbanken* subfund in accordance with § 102(1).
- (3) Where an institution whose activities predominantly serve the interests of savings banks is associated with the *Landesbanken* subfund in accordance with (2) above, it shall be associated via a separate fund (with a separate Recognised IPS Subpool and a separate Additional IPS Subpool). The association agreement shall stipulate that, if this institution requires support, the means of the separate fund shall first be used and, where these means are insufficient, recourse shall be first be made to the Supraregional RIF Compensation Mechanism specified in Part 1 Chapter 3, and only then to the Scheme-wide RIF Compensation Mechanism specified in Part 1 Chapter 1 or the Supraregional AIF Compensation Mechanism under Part 2 Chapter 2, and only then to the Scheme-wide AIF Compensation Mechanism. Where support is required for an institution that is a member of the *Landesbanken* subfund, the means of the separate fund shall first be used at the level of the Scheme-wide RIF Compensation Mechanism in accordance with Part 1 Chapter 1 or the Scheme-wide AIF Compensation Mechanism in accordance with Part 2 Chapter 1.

## **§ 78 Function and Purpose of the *Landesbanken* Subfund (Institutional Protection and Deposit Guarantee)**

- (1) The function of the *Landesbanken* subfund is to protect its member institutions and – in accordance with the provisions of the Scheme-wide RIF Compensation Mechanism or the Scheme-wide AIF Compensation Mechanism – the other institutions belonging to the Protection Scheme themselves, in particular to safeguard their liquidity and solvency. The subfund shall support said institutions when they encounter financial difficulties or when they are at risk of encountering such difficulties by implementing support measures as specified in Part 1 Chapter 1 in conjunction with this Chapter 4 and Part 2 of the Framework Rules.
- (2) In accordance with Chapter 1, the *Landesbanken* subfund with the means of the Recognised IPS Subpool *Landesbanken* in accordance with Part 1 shall also form part of the Protection Scheme recognised as a deposit guarantee scheme under Section 43 of the Deposit Guarantee Act. Within the framework of the Protection Scheme, the means of the Recognised IPS Subpool *Landesbanken* shall be used for paying compensation to depositors in accordance with Sections 5ff. of the Deposit Guarantee Act (deposit guarantee) and are therefore part of the Protection Scheme's available means within the meaning of Section 18 of the Deposit Guarantee Act. The *Landesbanken* subfund therefore provides member institutions with membership in a deposit guarantee scheme as stipulated in Section 1 of the Deposit Protection Act.

### **II. Means of the *Landesbanken* Subfund**

## **§ 79 Management of the Means of the *Landesbanken* Subfund**

- (1) The DSGV shall manage the means of the IPS subpools *Landesbanken* and shall invest them as legally independent assets, separately from other Association assets.
- (2) In accordance with Section 18(4) of the Deposit Guarantee Act, the means of the Recognised IPS Subpool *Landesbanken* shall be invested so as to combine the greatest possible security and adequate liquidity of the investments with an appropriate level of returns. To this end, the means shall be invested in accordance with the principles set out in Part 1 Chapter 6. Through application, mutatis mutandis, of Section 18(4) of the Deposit Guarantee Act, the means of the Additional IPS Subpool *Landesbanken* shall be invested mutatis mutandis so as to combine the greatest possible security and adequate liquidity of the investments with an appropriate level of returns. To this end, the means shall be invested in accordance with the principles set out in Part 2 Chapter 3.
- (3) Income from the investment of the means of the Recognised IPS Subpool *Landesbanken* under subsection (1) above is a part of the Recognised IPS Subpool *Landesbanken*. Income from the investment of the means of the Additional IPS Subpool *Landesbanken* under subsection (1) above is a part of the Additional IPS Subpool *Landesbanken*.

## **§ 80 Use of the Means of the *Landesbanken* Subfund**

- (1) The assets of the Recognised IPS Subpool *Landesbanken* shall be used for institutional protection support measures as well as for compensation on the basis of the Deposit Guarantee Act in

accordance with these Framework Rules. The Additional IPS Subpool *Landesbanken* shall be used for institutional protection support measures in accordance with the Framework Rules.

- (2) The *Landesbanken* subfund shall use its assets for support measures in accordance with Part 1 Chapter 1 § 23 of these Framework Rules. The Protection Scheme may access the assets of the *Landesbanken* subfund to implement support measures if a decision has been taken by the governance body in accordance with Part 1 Chapter 1 § 25(1) (if applicable in conjunction with Part 2 Chapter 1) (subsidiarity principle).

#### **§ 81 Obligation to Pay Contributions**

- (1) In accordance with the following provisions, the member institutions shall make contributions and payments to the *Landesbanken* subfund to ensure the achievement and maintenance of the RIF target volume as set out in § 82(1) within the period specified in Section 17(2) and (3) of the Deposit Guarantee Act, and to ensure the achievement and maintenance of the AIF target volume as set out in § 82(7), as a rule for the first time within the period up to 31 December 2032, and to cover the costs associated with the operation of the *Landesbanken* subfund (including the pro-rata costs of the Protection Scheme as specified in § 101), to the extent that the costs cannot be covered by income from the means of the Recognised IPS Subpool *Landesbanken* or the Additional IPS Subpool *Landesbanken*.
- (2) The determination of the contributions and payments to be made to the Recognised IPS Subpool *Landesbanken* shall be subject to the principles of risk-based computation of contributions to the Recognised IPS Fund Scheme of the Savings Banks Finance Group (Part 1 Chapter 6).
- (3) If a member institution fails to comply with its obligations to make contributions, provide information, make payments or cooperate within the Protection Scheme of the Savings Banks Finance Group in relation to the Recognised IPS Fund in accordance with the present Rules and with the obligations under Part 1 Chapter 1 § 12, or if a member institution fails to do so properly, completely or in time, although the it was granted a period of at least one month to comply with its obligations, the annual contribution as specified in § 82(3) shall be increased. The increase shall amount to at least 0.1% and a maximum of 1% of the member institution's individual share of the RIF target volume in the year in which the institution failed to comply with its obligations, in accordance with the principles of risk-based computation of contributions, but as a minimum EUR 25,000.00. The increase shall be payable in each month in which the savings bank fails to comply with its obligations. It shall be collected by the subfund. It shall not be credited against the annual contribution payable by the member institution in accordance with (2) above. This shall not affect Part 1 Chapter 1 § 4.
- (4) The determination of the contributions and payments to be made to the Additional IPS Subpool *Landesbanken* shall be defined in accordance with the principles of computation of contributions to the Additional IPS Fund (Part 2 Chapter 3 of the Framework Rules).
- (5) If a member institution fails to comply with its obligations to make contributions, provide information, make payments or cooperate in the Protection Scheme of the Savings Banks Finance Group relating to the Additional IPS Fund in accordance with the present Rules and with the obligations under Part 1 Chapter 1 § 12, or if a member institution fails to do so properly, completely or in time, although the institution was granted a period of at least one month to comply

with its obligations, the contribution as specified in § 82(9) shall be increased. The increase shall amount to at least 0.1% and a maximum of 1% of the member institution's individual share of the AIF target volume in the year in which the institution failed to comply with its obligations, in accordance with the principles of computation of contributions, but as a minimum EUR 25,000.00. The increase shall be payable in each month in which the savings bank fails to comply with its obligations. It shall be collected by the subfund. It shall not be credited against the annual contribution payable by the member institution in accordance with (4) above. This shall not affect Part 1 Chapter 1 § 4.

- (6) The contribution obligations to the Recognised IPS Fund take priority over the contribution obligations to the Additional IPS Fund; the details are governed by the principles of computation of contributions to the Additional IPS Fund (Part 2 Chapter 3 of the Framework Rules).

**§ 82 Target Volume, Annual Contributions, Special Contributions, Additional Contributions, Special Payments, Guarantee Statement, Limitation of Payment Obligation**

- (1) The target volume of the Recognised IPS Subpool *Landesbanken* within the RIF target level (RIF target volume) shall be determined on the basis of the uniform principles defined in § 81 (2).
- (2) To determine the required RIF target volume, the member institutions shall notify the DSGV (as the owner of the Recognised IPS Subpool *Landesbanken* and of the Protection Scheme), as of 15 January of each year, of the amount of their covered deposits within the meaning of Section 2(5) of the Deposit Guarantee Act as of 31 March, 30 June, 30 September and 31 December of the previous year.
- (3) The member institutions shall pay annual contributions to the Recognised IPS Subpool *Landesbanken* at least until the RIF target volume has been reached. Such contributions shall be collected by the Protection Scheme in accordance with the uniform principles defined in § 81(2).
- (4) The member institutions shall be obliged to pay special contributions which shall be collected by the Protection Scheme in accordance with the uniform principles referred to in § 81(2), if a member institution has to pay compensation (Section 10 of the Deposit Protection Act) and if the means of the Recognised IPS Subpool *Landesbanken* subfund are not sufficient to satisfy the claims or if a case as specified in § 91(5) sentence 1 arises.
- (5) The member institutions shall be obliged to pay additional contributions in accordance with Part 1 Chapter 1 § 34.
- (6) To repay loans, member institutions shall be obliged in accordance with § 98(4) and (5) to make special payments, which shall be collected by the Protection Scheme in accordance with the uniform principles referred to in § 81(2).
- (7) The target volume of the Additional IPS Subpool *Landesbanken* within the AIF target level (AIF target volume) shall be determined on the basis of the principles defined in § 81(4).
- (8) To determine the AIF target volume, the member institutions shall report to the DSGV (as the owner of the Additional IPS Subpool *Landesbanken* and the Protection Scheme) by 15 March of each year the amount of their total risk exposure amount as at 31 December of the previous year.

The total risk exposure amount has the meaning resulting from the principles referred to in § 81(4).

- (9) The member institutions shall pay annual contributions to the Additional IPS Subpool *Landesbanken* at least until the AIF target volume has been reached. Such contributions shall be collected by the Protection Scheme in accordance with the uniform principles defined in § 81(4).
- (10) The member institutions shall be obliged to pay additional contributions in accordance with Part 2 Chapter 1 § 142.
- (11) The annual contributions specified in subsections (3) and (9) above, the special contributions specified in subsection (4) above, the additional payments in specified in subsections (5) and (10) above and the special payments specified in subsection (6) above shall be made by member institutions at first request. Member institutions shall provide relevant guarantee statements to the DSGVO (as the owner of the IPS subpool *Landesbanken* and of the Protection Scheme).
- (12) The obligations of the member institutions to make special contributions, special payments and additional contributions relating to the IPS subpool *Landesbanken*, the Recognised IPS Fund and the Additional IPS Fund are limited in accordance with Chapter 1 § 36.

### III. Risk Monitoring, Prevention and Recovery Measures

#### § 83 Early Identification of Risks, Risk Monitoring, Reporting to the Transparency Committee

- (1) The purpose of the Protection Scheme is to identify risks, undesirable developments and exposures of the member institutions as early as possible in order to adopt the necessary countermeasures. The member institutions are obliged to support all measures that serve the early identification of risks, including audit measures by the Audit Unit at the member institution's expense on the basis of Part 1 Chapter 1 § 7a.
- (2) Within the framework of the Protection Scheme, the *Landesbanken* subfund shall operate a risk monitoring system that is designed to identify risks at an early point in time and to define different levels of measures and intervention rights. Further details are laid down in the Risk Monitoring Principles (Part 1 Chapter 7); ordinary member institutions of the *Landesbanken* subfund may agree additional obligations for its members ("**additional requirements**") above and beyond the principles agreed for the Protection Scheme as a whole.
- (3) The risk monitoring results shall be reported to the Transparency Committee.

#### § 84 Regular Audit

In order to attain the objectives referred to in § 83(1) and to assess the risk exposure, the Protection Scheme shall be entitled to have external auditors (to be selected by the Protection Scheme) audit the financial situation of each member institution at the latter's expense. This audit must be performed at least once a year. The auditor to be selected should usually be the member institution's statutory auditor. The findings of this audit – in particular the certification that the figures reported within the framework of risk reporting (§ 83(2)) provide a true and fair view, and the analysis of these figures by the auditor appointed – shall be reported to the Protection Scheme and explained at a meeting to the members of

the Executive Board and of the Supervisory or Administrative Board of the member institution concerned. The economic situation of the member institution shall be analysed and described to the parties involved in a comprehensible manner. This meeting may be combined with the Supervisory or Advisory Board's concluding discussion on the findings of the audit of the annual financial statements.

#### § 85 General Duties of Care

- (1) Compliance by member institutions with general duties of care as specified in (2) below shall be monitored within the framework of the audit of the annual financial statements. Member institutions shall instruct their statutory auditors to include conformity with the rules of the *Landesbanken* subfund and compliance with these duties in the audit, and to specify the relevant findings in their audit reports.
- (2) General duties of care shall include in particular:
  - compliance with statutory duties of care, especially those defined in legislation on organisational structures, in the present Rules and in legislation on banking supervision;
  - an adequate level of planning, control and supervision;
  - creating and maintaining the conditions in terms of human and physical resources as well as the organisational structure required to conduct the business;
  - maintaining a reasonable ratio of risks taken by a member institution (including borrower default risks for specific size and/or industry structures) to the risk coverage potential available to the member institution concerned;
  - conducting an appropriate analysis of earnings opportunities and risk exposures prior to launching new business lines.

#### § 86 Information on Special Events

- (1) Member institutions shall be obliged to inform the Protection Scheme of special events without undue delay. Special events are deemed to be the following developments in particular:
  - The existence of the qualitative and/or quantitative criteria for the implementation of recovery and/or support measures in accordance with Part 1 Chapter 1 § 22(3) and § 23(2);
  - acquisitions and disposals of significant investments as specified in Article 43(a) of the CRR;
  - risks resulting from a breach of duties of care as specified in § 85;
  - non-compliance with regulatory own funds and liquidity requirements defined within the framework of the annual SREP process for individual banks;
  - exceeding thresholds of indicators defined in the institution's recovery plan ("**recovery plan**") in accordance with Section 12 of the Act on the Recovery and Resolution of

Financial Institutions (SAG), which oblige the institution to inform the regulatory authority without delay in accordance with Section 23(4) of the Regulation on the Minimum Requirements for the Design of Recovery Plans for Institutions;

- introduction or implementation of measures specified in the recovery plan in accordance with Section 12(1) sentence 2 of the Act on the Recovery and Resolution of Financial Institutions;
- risks as a result of which own funds or liquidity can be expected to fall below the statutory or regulatory requirements;
- ordering measures in accordance with Section 36 Act of the on the Recovery and Resolution of Financial Institutions (early intervention measures);
- reports under Section 24(1) Nos 4 and 9 of the German Banking Act;
- circumstances which trigger a duty of disclosure to supervisory authorities and which may be relevant for the purposes of the Protection Scheme;
- emergence of facts that may lead to substantial losses;
- facts, as specified in Section 29(3) of the German Banking Act, which justify a qualified or adverse audit opinion, or which may have a material adverse effect on a member institution's development;
- extraordinary changes in key ratios used for risk monitoring purposes.

A member institution's statutory auditors shall report to the Monitoring Committee (§ 99) at least once a year on the member institution's compliance with the information obligations specified in the fourth to sixth indent above.

(2) The following bodies shall be authorised to inform the Protection Scheme about any development that might jeopardise the survival or seriously impair the development of member institutions:

- owners of member institutions;
- the competent supervisory authorities;
- the resolution authority;
- auditors of the annual financial statements of member institutions;
- auditors who perform audits under the provisions of the Deposit Protection Act, the German Banking Act or the present Rules.

The Protection Scheme shall be authorised to seek from said bodies any information that is relevant to the *Landesbanken* subfund or the Protection Scheme.

## **§ 87 Other Information Obligations**

In addition, member institutions shall be obliged to furnish, at the Protection Scheme's request, any information or documents that are necessary or helpful for assessing their risk exposure.

## **§ 88 Review of Conspicuous Risk Exposure to Assess the Risk of a Compensation Case**

Supplementing § 84 above, member institutions shall be obliged at any time to allow audits ordered by the Protection Scheme to be performed at their expense if there is reasonable evidence of a conspicuous risk exposure within the meaning of Part 1 Chapter 7 and to assess the risk of a compensation case in accordance with Sections 35 and 36 of the Deposit Guarantee Act. They shall grant access to any documents that are required for a thorough audit. Audits as specified in sentence 1 above should be performed by an auditor who had not audited the member institution's annual financial statements in any of the three preceding fiscal years. Sentences 1 and 2 apply, *mutatis mutandis*, in the event of an audit by the Audit Unit on the basis of Part 1 Chapter 1 § 7a.

## **§ 89 Prevention and Recovery Measures**

- (1) The *Landesbanken* subfund shall take preventive measures in respect of member institutions in accordance with Part 1 Chapter 1 § 20, § 21.
- (2) The Protection Scheme shall take recovery measures in respect of member institutions in accordance with Part 1 Chapter 1 § 22. The decision on recovery measures shall be taken by the *Landesbanken* subfund or the governance body referred to in Part 1 Chapter 1 § 24.
- (3) The resolution of the *Landesbanken* subfund on preventive measures shall be made in accordance with the principles for risk monitoring (Part 1 Chapter 7), and the resolution of recovery measures shall be made by the *Landesbanken* subfund on the proposal of the Monitoring Committee in accordance § 102(1), (2). The *Landesbanken* subfund shall decide at its reasonable discretion. Member institutions or third parties may not require the *Landesbanken* subfund to take a specific decision.

## **IV. Support Measures**

### **§ 90 Decision by the *Landesbanken* Subfund**

- (1) Insofar as the responsibility of the *Landesbanken* subfund for deciding on an application for a support measure at a member institution is given in accordance with Part 1 Chapter 1 § 24(5) in conjunction with subsection (6) sentence 1, the *Landesbanken* subfund shall decide on the measure.
- (2) The subject matter of the decision by the *Landesbanken* subfund under (1) above is, in particular:
  - the determination of recourse to the Protection Scheme where the conditions for support under § 23(2) are met;
  - taking and determining the support measures to be implemented in accordance with § 23(3) to (6) as well as the necessary conditions for the member institution concerned;

- determination whether the target volume of the Recognised IPS Subpool *Landesbanken* is sufficient to cover the needs of the support measures or whether it requires Scheme-wide RIF Compensation;
  - determination whether the existing means of the Additional IPS Subpool *Landesbanken* (taking into account Part 2 Chapter 1 § 148(2) 2nd indent) are sufficient to cover the needs for the support measures or whether this requires Scheme-wide AIF Compensation Mechanism;
  - confirmation of the support agreement prepared by the management in accordance with § 95(2).
- (3) The *Landesbanken* subfund shall take its decision within the period determined in accordance with Part 1 Chapter 1 § 24(6) sentences 1, 2. If the *Landesbanken* subfund rejects the determination of recourse to the Protection Scheme or the support measure applied for, or if it determines that the RIF target volume of the Recognised IPS Subpool *Landesbanken* is insufficient to cover the funding needs for the support measure, or that a Scheme-wide RIF Compensation Mechanism is required for this purpose, or that the existing means of the Additional IPS Subpool *Landesbanken* (taking into account Part 2 Chapter 1 § 148(2) 2nd indent) are insufficient to cover the funding needs for the support measures, or a Scheme-wide AIF Compensation Mechanism is required for this purpose, it shall forward the application to the governance body for a final decision without undue delay.
- (4) The resolution of the *Landesbanken* subfund on support measures shall be governed by § 102(1), (2). The *Landesbanken* subfund shall decide at its reasonable discretion. Member institutions or third parties may not require the *Landesbanken* subfund to take a specific decision.

#### **§ 91 Requirements due to the Deposit Guarantee Act**

- (1) Support measures using means of the Recognised IPS Subpool *Landesbanken* must meet the requirements laid down in Section 49(1) of the Deposit Guarantee Act, even in the absence of explicit provisions in the this Chapter 4.
- (2) Support measures must not be implemented using means of the Recognised IPS Subpool *Landesbanken* if a resolution measure in accordance with Section 62 of the Recovery and Resolution Act has already been initiated (Section 49(1) sentence 1 No. 2 of the Deposit Guarantee Act) or if BaFin has found that the requirements for such a measure have been met (Section 49(2) of the Deposit Guarantee Act).
- (3) Prior to taking a decision as specified in § 90, the Protection Scheme – with the involvement of the Chair of the *Girozentralen* Conference – shall agree with BaFin on the envisaged support measures using means of the Recognised IPS Subpool *Landesbanken* and the requirements to be imposed in this connection (Section 49(1) sentence 3 of the Deposit Protection Act).
- (4) For decisions on support measures for which it cannot be ruled out that they could lead to (i) either a reduction of the means of the Recognised IPS Subpool *Landesbanken* to less than 25% of the RIF target volume or (ii) a reduction of the available means of the Recognised IPS Fund to

less than 25% of the RIF target level, the *Landesbanken* subfund must obtain the approval of the management of the Protection Scheme before its resolution in accordance with § 90(4).

- (5) Member institutions of the *Landesbanken* subfund shall be obliged to make available means of the Recognised IPS Subpool *Landesbanken* that are used for support measures by the *Landesbanken* subfund again without delay by paying special contributions in accordance with § 82(4) if
- depositors have to be reimbursed and if the available means of the Recognised IPS Fund amount to less than two-thirds of the RIF target level, or if the available means of the Recognised IPS Subpool *Landesbanken* amount to less than two-thirds of the RIF target volume as specified in § 82(1), or
  - the available means of the Recognised IPS Fund fall below 25% of the RIF target level or the available means of the Recognised IPS Subpool *Landesbanken* fall below 25% of the RIF target volume as specified in § 82(1).

As an alternative to collecting special contributions under sentence 1, the *Landesbanken* subfund may also collect additional contributions directly to finance a support measure.

## **§ 92 Information Obligations in the Event of Recourse to the Protection Scheme**

In the event of recourse to the Protection Scheme, the member institution concerned shall, in the interest of transparency, grant to the Protection Scheme full access to information on its financial situation. It shall provide all the available information that is required to assess the institution's situation. The Protection Scheme shall be entitled and obliged to pass on this information to the ordinary members of the *Landesbanken* subfund.

## **§ 93 Owner Contributions**

- (1) In the event of recourse to the Protection Scheme, the owners<sup>4</sup> of the member institutions of the *Landesbanken* subfund are expected to make their own support contributions that are proportionate to their economic interest in averting the threat to the existence of the member institution.
- (2) Support measures aimed at maintaining the member institution of the *Landesbanken* subfund as a going concern are normally only considered if the owners pay appropriate support contributions. Part 1 Chapter 1 § 23(4) sentence 4, (5) sentences 3 and 4 apply.
- (3) With regard to the appropriateness of contributions by owners, it must be taken into account whether and to what extent the owners have made recovery contributions in accordance with Part 1 Chapter 1 § 22(4) sentence 1 3rd indent before recourse to the Protection Scheme. This is without prejudice to the legal framework governing decisions by the owners about their own support contributions.

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<sup>4</sup> Applies, mutatis mutandis, to other organisational forms.

**§ 94 Restructuring and Recovery Concept, Granting Access to Covered Deposits; Requirements**

- (1) All support measures shall be based on a restructuring and recovery concept to be prepared on behalf of the *Landesbanken* subfund or the governance body by the member institution or a competent third party. The institution shall, with the consent of BaFin, provide information on the substance of its prudential recovery plan prepared in accordance with Section 12 of the Act on the Recovery and Resolution of Financial Institutions. The concept should include in particular:
- analysis of the problem situation and its causes;
  - catalogue for short-term support measures;
  - a timetable for the initiation, implementation and completion of necessary support measures;
  - an assessment and appraisal of the member institution's future development prospects.

Prudential recovery plans in accordance with Section 12 of the Act on the Recovery and Resolution of Financial Institutions must not provide for recourse to the Protection Scheme.

- (2) If the member institution concerned is in default with regard to the payment of its annual contributions, special contributions, additional contributions or special payments or the performance of information obligations or other material cooperation obligations as laid down in these Rules or Part 2 Chapter 1 of the Framework Rules, this shall be taken into consideration in the decision on conditions in accordance with subsection (4).
- (3) A support measure using means of the Recognised IPS Subpool *Landesbanken* may only be implemented if it is linked to a commitment by the member institution receiving the support to grant access to covered deposits within the meaning of Section 2(5) of the Deposit Guarantee Act (Section 49(1) sentence 1 No. 5 of the Deposit Guarantee Act).
- (4) Before developing and/or initiating support measures, the member institution concerned shall prove that measures included in the recovery plan to safeguard and restore financial stability have already been initiated.
- (5) Support measures shall be made dependent on the fulfilment of requirements which, compared with applicable provisions, will include at least stricter risk monitoring and more extensive auditing rights for the Protection Scheme (Section 49(1) sentence 1 No. 4 of the Deposit Guarantee Act). More specifically, requirements that may be considered – insofar as such measures are not already key elements of the recovery plan as specified in Section 13(2) of the Act on the Recovery and Resolution of Financial Institutions – shall include:
- Drawing on open reserves and releasing prudential reserves in accordance with Section 340(f) of the German Commercial Code and Section 26(a) of the German Banking Act (old) to cover losses where this does not conflict with statutory requirements;

- Accounting measures (e.g. depreciation, amortisation, write-downs and valuation allowances only to the extent absolutely necessary, exhaustion of valuation options, reversals of write-downs to the extent allowed by law);
  - Sale or transfer of interests and other assets;
  - Obligation to comply with requirements regarding the management of the member institution;
  - Implementing operational measures, in particular measures relating to the organisational structure;
  - Implementing personnel measures, in particular removing the responsible board members;
  - Mergers of institutions to the extent allowed by law;
  - transfer of shares in the institution within the scope of what is legally possible and while taking due account of the Savings Banks Finance Group's association policy;
  - engaging the services of external consultants with the necessary experience and expertise;
  - issuance of a debtor warrant or comparable instrument.
- (6) When requirements are imposed, due account shall be given to the specific problems of the member institution and the effects associated with the requirements. In addition to the owner contributions, the conditions referred to in subsection (5) 8th and/or 10th indent shall as a rule be used for support measures under which means of the Recognised IPS Fund and/or the Additional IPS Fund are allocated. The member institutions are obliged to comply with the requirements without undue delay.
- (7) In the event of a support measure, the management of the Protection Scheme shall be entitled to engage external experts to supervise compliance with the restructuring and recovery concept at the expense of the member institution. The experts shall report to the management of the Protection Scheme and the member institution.

#### **§ 95 Support Agreement**

- (1) The parties involved in the recovery of the institution shall conclude a support agreement. This agreement shall specify the support measures, the means to be provided, the commitment under § 94(3), the requirements under § 94(4) and the duration of the recovery phase, as well as the conditions under which the member institution is obliged to refund the funds provided for the recovery.
- (2) The *Landesbanken* subfund shall commission the management of the Protection Scheme to prepare and negotiate the support agreement.

- (3) If new support measures are required during the term of a support agreement, there is a need for further recourse to the Protection Scheme, which requires a new application in accordance with Part 1 Chapter 1 § 24(2) and a new decision by the competent body of the Protection Scheme in accordance with Part 1 Chapter 1 § 24(6) or (7), if necessary in conjunction with § 90(1). The support agreement may provide otherwise where this is required in view of the nature, scope and complexity of recourse to the Protection Scheme.

#### **§ 96 Information to be Provided to the Protection Scheme**

- (1) The *Landesbanken* subfund shall inform the management of the Protection Scheme as soon as it has knowledge of the existence of the qualitative and/or quantitative criteria for the implementation of recovery and/or support measures in accordance with Part 1 Chapter 1 § 22(3) and § 23(2) at a member institution.
- (2) The *Landesbanken* subfund shall inform the management of the Protection Scheme as soon as it receives an application for a recovery or support measure in accordance with Part 1 Chapter 1 § 24(5).
- (3) The *Landesbanken* subfund shall notify the management of the Protection Scheme without delay of all decisions on prevention and recovery measures in accordance with § 89 and on support measures in accordance with § 90(1). This also shall include the decision of the *Landesbanken* subfund not to take a prevention measure in the event of a request by the management of the Protection Scheme in accordance with Part 1 Chapter 1 § 21(2) or a recovery or support measure applied for in accordance with Chapter 1 § 24.

### **V. Deposit Guarantee**

#### **§ 97 Handling of Compensation Cases by the Protection Scheme**

- (1) Compensation cases within the scope of deposit guarantees shall be handled by the Protection Scheme in accordance with Part 1 Chapter 1 Section III and the provisions of the Deposit Guarantee Act.
- (2) Above and beyond the statutory requirements, the *Landesbanken* subfund or the Protection Scheme shall not be obliged within the scope of deposit guarantees to make compensation payments.

#### **§ 98 Rights of Use of the Protection Scheme**

- (1) The Recognised IPS Subpool *Landesbanken* shall be externally liable with its assets – irrespective of the internal burden sharing laid down in these Framework Rules – with regard to any compensation claims by depositors against the Protection Scheme. The Protection Scheme shall have the right to use the Recognised IPS Subpool *Landesbanken* as specified in the sections below when handling compensation cases.
- (2) The Protection Scheme shall have full access to the Recognised IPS Subpool *Landesbanken* for deposit guarantee purposes.

- (3) Means of the Recognised IPS Subpool *Landesbanken* may be used, in particular, to handle compensation cases involving institutions (Section 10 of the Deposit Guarantee Act) that are members of the Protection Scheme without being members of the *Landesbanken* subfund. In this case, the use of the Recognised IPS Subpool *Landesbanken* shall be treated internally as a loan granted by the Recognised IPS Subpool *Landesbanken* to the Recognised IPS Subpool of the subfund at which the institution concerned is a member.
- (4) Furthermore, the Protection Scheme shall be entitled to take out a loan for the account of the Recognised IPS Subpool *Landesbanken* subfund in order to handle a compensation case involving a member institution of the *Landesbanken* subfund (Section 10 of the Deposit Guarantee Act).
- (5) If the Protection Scheme uses the assets of another Recognised IPS Subpool of the Protection Scheme to handle a compensation case involving a member institution of the *Landesbanken* subfund (Section 10 of the Deposit Guarantee Act), this shall also be considered a loan within the meaning of (4) above.
- (6) The interest rate charged for loans granted within the scope of the Protection Scheme as specified in (3) and (5) above shall be the risk-free rate of the swap curve depending on the term of the loan in relation to the 6-months EURIBOR plus a premium of 100 basis points. If the interest rate plus premium turns negative, it is frozen at zero.
- (7) Subject to the conditions set out in Part 1 Chapter 1 § 14, other subfunds shall take part in the repayment of the loans taken out or granted as specified in subsections (3), (4) and/or (5) above.
- (8) In the event of recourse to the Protection Scheme as laid down in Section 145 of the Act on the Recovery and Resolution of Financial Institutions, the above paragraphs apply *mutatis mutandis*.

## VI. Other Provisions

### § 99 Monitoring Committee

The Protection Scheme shall set up a Monitoring Committee. Further details are laid down in the Risk Monitoring Principles of the Savings Banks Finance Group's Protection Scheme (Part 1 Chapter 7) and in the additional requirements specified in § 83(2) sentence 2, where applicable. The Monitoring Committee shall oversee the decision-making processes for engaging the Audit Unit within the meaning of Part 1 Chapter 1 § 7a (3) to perform audits of a member institution of the *Landesbanken* subfund, unless this is done by a resolution of the *Landesbanken* subfund under § 102(1).

### § 100 Duty of Confidentiality

- (1) All those who are involved in prevention, recovery, support or compensation measures or who become active for the purposes of the Protection Scheme shall be obliged to maintain confidentiality with regard to all operations and information that they take cognizance of in connection with their activities. This also applies to employees and to the members of institutions, bodies and committees and shall continue to apply after the termination of their activities.
- (2) This shall not affect the right to disclose information to supervisory and audit authorities in accordance with statutory provisions.

### § 101 Participation in the Protection Scheme

- (1) In accordance with Part 1 Chapter 1 and Part 2 Chapter 1, the member institutions of the *Landesbanken* subfund shall participate, actively and passively, in the Protection Scheme and shall bear a pro-rata share (calculated on the basis of the RIF target volume) of the operating costs of the Protection Scheme. Starting on 1 January 2025, the share of costs of operating the Protection Scheme directly attributable to the Recognised IPS Fund shall be calculated on the basis of the RIF target volume and the share of the costs of operating the Additional IPS Fund shall be calculated on the basis of the AIF target volume. Starting on 1 January 2025, the pro rata share of the other costs of operating the Recognised IPS Subpool on the one hand and the Additional IPS Subpool on the other shall be calculated on the basis of the ratio of the RIF target level and the AIF target level; the allocation between the Recognised IPS Subpools shall be in proportion to their RIF target volumes and the allocation between the Additional IPS Subpool shall be in proportion to their AIF target volumes.
- (2) If a member institution withdraws from the Protection Scheme in accordance with Part 1 Chapter 1 § 3, or if a member institution is excluded from the Protection Scheme in accordance with Part 1 Chapter 1 § 4, the institution concerned shall at the same time leave the *Landesbanken* subfund.

### § 102 Responsibilities, Adoption of Resolutions

- (1) Resolutions concerning the *Landesbanken* subfund shall be adopted by the ordinary member institutions listed in § 77(1) with a two-thirds majority of the votes represented, unless otherwise provided in the rules of the Savings Banks Finance Group. Each of the ordinary member institutions shall have one basic vote. In addition, each ordinary member institution shall have one additional vote for every 10% or part thereof of the RIF target volume and the AIF target volume of the *Landesbanken* subfund. The share will be calculated on the basis of the balance at 31 December of the previous year. These resolutions shall be deemed to be resolutions by a committee of the DSGV. The DSGV's President shall participate in the meetings and shall have a total of two votes. Meetings shall be chaired by the Chairman of the *Girozentralen* Conference or, if the latter's institution is excluded from voting on the resolution in accordance with the provisions set out in the present Chapter 4, the Deputy Chairman.
- (2) In the event of resolutions of the *Landesbanken* subfund on institutional protection measures within the meaning of Part 1 Chapter 1 § 19(1), the member institution concerned shall be excluded from voting rights under (1) above.
- (3) The DSGV's General Meeting shall decide on the admission of ordinary and associated member institutions with a three-quarters majority of the votes represented, providing that the ordinary member institutions mentioned in § 77 have previously given their approval with a three-quarters majority of the votes represented in accordance with (1) above. The resolution may be adopted in a written procedure if the resolution is a condition for acquiring the banking licence for the institution concerned and it is not possible to wait for the next meeting date.

### § 103 Annual Financial Statements, Annual Report

The Protection Scheme shall prepare the annual financial statements and the annual report for the Recognised IPS Fund and the Additional IPS Fund in which the *Landesbanken* subfund is included.

## Chapter 5 Rules for the LBS Subfund

### I. Members and Function of the LBS Subfund

#### § 104 LBS Subfund

- (1) A subfund has been established by the DSGV for the following institutions (member institutions):

Landesbausparkasse Hessen-Thüringen  
LBS Bausparkasse Schleswig-Holstein-Hamburg AG  
LBS Bayerische Landesbausparkasse  
LBS Landesbausparkasse Südwest  
LBS Landesbausparkasse Saar  
LBS Norddeutsche Landesbausparkasse Berlin-Hannover  
LBS Ostdeutsche Landesbausparkasse AG  
LBS Westdeutsche Landesbausparkasse

(“**LBS subfund**”). As a part of the Association’s assets, the DSGV has two separate subpools for the LBS subfund (“**IPS subpool LBS**”), specifically an IPS subpool allocated to the Recognised IPS Fund within the meaning of the preamble to the Framework Rules (“**Recognised IPS Fund**” or “**RIF**”) (“**Recognised IPS Subpool LBS**”) and an IPS section allocated to the Additional IPS Fund within the meaning of the preamble to the Framework Rules (“**Additional IPS Fund**” or “**AIF**”) (“**Additional IPS Subpool LBS**”). The LBS subfund is part of the Protection Scheme.

- (2) Other *Bausparkassen* may join the LBS subfund. The *Bausparkassen* Conference (*Bausparkassenkonferenz*) shall decide, in accordance with § 129(1), whether a *Bausparkasse* will be admitted to the subfund and on what terms.

#### § 105 Function and Protective Purpose of the LBS Subfund (Institutional Protection and Deposit Guarantee)

- (1) The function of the LBS subfund is to protect its member institutions and – in accordance with the provisions of the Scheme-wide RIF Compensation Mechanism or the Scheme-wide AIF Compensation Mechanism – the other institutions belonging to the Protection Scheme themselves, in particular to safeguard their liquidity and solvency. The subfund shall support said institutions when they encounter financial difficulties or when they are at risk of encountering such difficulties by implementing support measures as specified in Part 1 Chapter 1 in conjunction with this Chapter 5 and Part 2 of the Framework Rules.
- (2) In accordance with Part 1 Chapter 1, the LBS subfund with the means of the Recognised IPS Subpool LBS shall also form part of the Protection Scheme recognised as a deposit guarantee scheme under Section 43 of the Deposit Guarantee Act. Within the framework of the Protection Scheme, the means of the Recognised IPS Subpool LBS *Landesbanken* shall be used for paying compensation to depositors in accordance with Sections 5ff. of the Deposit Guarantee Act and are therefore part of the Protection Scheme’s available means within the meaning of Section 18 of the Deposit Guarantee Act. The LBS subfund therefore provides member institutions with membership in a deposit guarantee scheme as stipulated in Section 1 of the Deposit Protection Act.

## II. Means of the LBS Subfund

### § 106 Management of the Means of the LBS Subfund

- (1) The DSGV shall manage the means of the subpool LBS and shall invest them as legally independent assets, separately from other Association assets.
- (2) In accordance with Section 18(4) of the Deposit Guarantee Act, the means of the Recognised IPS Subpool *Landesbanken* shall be invested so as to combine the greatest possible security and adequate liquidity of the investments with an appropriate level of returns. To this end, the means shall be invested in accordance with the principles set out in Part 1 Chapter 6. Through application, mutatis mutandis, of Section 18(4) of the Deposit Guarantee Act, the means of the Additional IPS Subpool *Landesbanken* shall be invested mutatis mutandis so as to combine the greatest possible security and adequate liquidity of the investments with an appropriate level of returns. To this end, the means shall be invested in accordance with the principles set out in Part 2 Chapter 3.
- (3) Income from the investment of the means of the Recognised IPS Subpool LBS under subsection (1) above is a part of the Recognised IPS Subpool LBS. Income from the investment of the means of the Additional IPS Subpool LBS under subsection (1) above is a part of the Additional IPS Subpool LBS.

### § 107 Use of the Means of the LBS Subfund

- (1) The assets of the Recognised IPS Subpool LBS shall be used for institutional protection support measures as well as for compensation on the basis of the Deposit Guarantee Act in accordance with these Framework Rules. The assets of the Additional IPS Subpool LBS shall be used for institutional protection support measures in accordance with the Framework Rules.
- (2) The LBS subfund shall use its assets for support measures in accordance with Part 1 Chapter 1 § 23 of these Framework Rules. The Protection Scheme may access the assets of the LBS subfund to implement support measures if a decision has been taken by the governance body in accordance with Part 1 Chapter 1 § 25(1) (if applicable in conjunction with Part 2 Chapter 1) (subsidiarity principle).

### § 108 Obligation to Pay Contributions

- (1) In accordance with the following provisions, the member institutions shall make contributions and payments to the LBS subfund to ensure the achievement and maintenance of the RIF target volume as set out in § 109(1) within the period specified in Section 17(2) and (3) of the Deposit Guarantee Act, and to ensure the achievement and maintenance of the AIF target volume as set out in § 109(7), as a rule for the first time within the period up to 31 December 2032, and to cover the costs associated with the operation of the LBS subfund (including the pro-rata costs of the Protection Scheme as specified in § 128), to the extent that the costs cannot be covered by income from the means of the Recognised IPS Subpool LBS or the Additional IPS Subpool LBS.

- (2) The determination of the contributions and payments to be made to the Recognised IPS Subpool LBS shall be subject to the principles of risk-based computation of contributions to the Recognised IPS Fund Scheme of the Savings Banks Finance Group (Part 1 Chapter 6).
- (3) If a member institution fails to comply with its obligations to make contributions, provide information, make payments or cooperate within the Protection Scheme of the Savings Banks Finance Group in relation to the Recognised IPS Fund in accordance with the present Rules and with the obligations under Part 1 Chapter 1 § 12, or if a member institution fails to do so properly, completely or in time, although the it was granted a period of at least one month to comply with its obligations, the annual contribution as specified in § 109(3) shall be increased. The increase shall amount to at least 0.1% and a maximum of 1% of the member institution's individual share of the RIF target volume in the year in which the institution failed to comply with its obligations, in accordance with the principles of risk-based computation of contributions, but as a minimum EUR 25,000.00. The increase shall be payable in each month in which the savings bank fails to comply with its obligations. It shall be collected by the subfund. It shall not be credited against the annual contribution payable by the member institution in accordance with (2) above. This shall not affect Part 1 Chapter 1 § 4.
- (4) The determination of the contributions and payments to be made to the Additional IPS Subpool LBS shall be defined in accordance with the principles of computation of contributions to the Additional IPS Fund (Part 2 Chapter 3 of the Framework Rules).
- (5) If a member institution fails to comply with its obligations to make contributions, provide information, make payments or cooperate in the Protection Scheme of the Savings Banks Finance Group relating to the Additional IPS Fund in accordance with the present Rules and with the obligations under Part 1 Chapter 1 § 12, or if a member institution fails to do so properly, completely or in time, although the institution was granted a period of at least one month to comply with its obligations, the contribution as specified in § 109(9) shall be increased. The increase shall amount to at least 0.1% and a maximum of 1% of the member institution's individual share of the AIF target volume in the year in which the institution failed to comply with its obligations, in accordance with the principles of computation of contributions, but as a minimum EUR 25,000.00. The increase shall be payable in each month in which the savings bank fails to comply with its obligations. It shall be collected by the subfund. It shall not be credited against the annual contribution payable by the member institution in accordance with (4) above. This shall not affect Part 1 Chapter 1 § 4.
- (6) The contribution obligations to the Recognised IPS Fund take priority over the contribution obligations to the Additional IPS Fund; the details are governed by the principles of computation of contributions to the Additional IPS Fund (Part 2 Chapter 3 of the Framework Rules).

**§ 109 Target Level, Annual Contributions, Special Contributions, Additional Contributions, Special Payments, Guarantee Statement, Limitation of Payment Obligation**

- (1) The target volume of the Recognised IPS Subpool LBS within the RIF target level (RIF target volume) shall be determined on the basis of the uniform principles defined in § 108 (2).
- (2) To determine the required RIF target volume, the member institutions shall notify the DSGV (as the owner of the LBS IPS section and of the Protection Scheme), as of 15 January of each year,

of the amount of their covered deposits within the meaning of Section 2(5) of the Deposit Guarantee Act as of 31 March, 30 June, 30 September and 31 December of the previous year.

- (3) The member institutions shall pay annual contributions to the Recognised IPS Subpool LBS at least until the RIF target volume has been reached. Such contributions shall be collected by the Protection Scheme in accordance with the uniform principles defined in § 108(2).
- (4) The member institutions shall be obliged to pay special contributions which shall be collected by the Protection Scheme in accordance with the uniform principles referred to in § 108(2), if a member institution has to pay compensation (Section 10 of the Deposit Protection Act) and if the means of the Recognised IPS Subpool LBS subfund are not sufficient to satisfy the claims or if a case as specified in § 118(5) sentence 1 arises.
- (5) The member institutions shall be obliged to pay additional contributions in accordance with Part 1 Chapter 1 § 34.
- (6) To repay loans, member institutions shall be obliged in accordance with § 125(4) and (5) to make special payments, which shall be collected by the Protection Scheme in accordance with the uniform principles referred to in § 108(2).
- (7) The target volume of the Additional IPS Subpool LBS within the AIF target level (AIF target volume) shall be determined on the basis of the principles defined in § 108 (4).
- (8) To determine the AIF target volume, the institutions shall report to the DSGV (as the owner of the Additional IPS Subpool LBS and the Protection Scheme) by 15 March of each year the amount of their total risk exposure amount as at 31 December of the previous year. The total risk exposure amount has the meaning resulting from the principles referred to in § 108(4).
- (9) The member institutions shall pay annual contributions to the Additional IPS Subpool LBS at least until the AIF target volume has been reached. Such contributions shall be collected by the Protection Scheme in accordance with the uniform principles defined in § 108(4).
- (10) The member institutions shall be obliged to pay additional contributions in accordance with Part 2 Chapter 1 § 142.
- (11) The annual contributions specified in subsections (3) and (9) above, the special contributions specified in subsection (4) above, the additional payments in specified in subsections (5) and (10) above and the special payments specified in subsection (6) above shall be made by member institutions at first request. Member institutions shall provide relevant guarantee statements to the DSGV (as the owner of the IPS subpool LBS and of the Protection Scheme).
- (12) The obligations of the member institutions to make special contributions, special payments and additional contributions relating to the IPS subpool LBS, the Recognised IPS Fund and the Additional IPS Fund are limited in accordance with Chapter 1 § 36.

### **III. Risk Monitoring, Prevention and Recovery Measures**

#### **§ 110 Early Identification of Risks, Risk Monitoring, Reporting to the Transparency Committee**

- (1) The purpose of the Savings Banks Finance Group's Protection Scheme is to identify undesirable developments, risks and exposures of member institutions as early as possible in order to adopt the necessary countermeasures. The member institutions are obliged to support all measures that serve the early identification of risks, including audit measures by the Audit Unit at the member institution's expense on the basis of Part 1 Chapter 1 § 7a.
- (2) Within the framework of the Protection Scheme, the LBS subfund shall operate a risk monitoring system that is designed to identify risks at an early point in time and to define different levels of measures and intervention rights. Further details are governed by the Risk Monitoring Principles (Part 1 Chapter 7).
- (3) The risk monitoring results shall be reported to the Transparency Committee.

#### **§ 111 Regular Audit**

In order to attain the objectives referred to in § 110(1) and to assess the risk exposure, the Protection Scheme shall be entitled to have external auditors (to be selected by the Protection Scheme) audit the financial situation of each member institution at the latter's expense. This audit must be performed at least once a year. The auditor to be selected should usually be the member institution's statutory auditor. The findings of this audit – in particular the certification that the figures reported within the framework of risk reporting (§ 110(2)) provide a true and fair view, and the analysis of these figures by the auditor appointed – shall be reported to the Protection Scheme and explained at a meeting to the members of the Executive Board and of the Supervisory or Administrative Board of the member institution concerned. The economic situation of the member institution shall be analysed and described to the parties involved in a comprehensible manner. This meeting may be combined with the Supervisory or Advisory Board's concluding discussion on the findings of the audit of the annual financial statements.

#### **§ 112 General Duties of Care**

- (1) Compliance by member institutions with general duties of care as specified in (2) below shall be monitored within the framework of the audit of the annual financial statements. Member institutions shall instruct their statutory auditors to include conformity with the rules of the LBS subfund and compliance with these duties in the audit, and to specify the relevant findings in their audit reports.
- (2) General duties of care shall include in particular:
  - compliance with statutory duties of care, especially those defined in legislation on organisational structures, in the present Rules and in legislation on banking supervision;
  - an adequate level of planning, control and supervision;
  - creating and maintaining the conditions in terms of human and physical resources as well as the organisational structure required to conduct the business;

- maintaining a reasonable ratio of risks taken by a member institution (including borrower default risks for specific size and/or industry structures) to the risk coverage potential available to the member institution concerned;
- conducting an appropriate analysis of earnings opportunities and risk exposures prior to launching new business lines.

### **§ 113 Information on Special Events**

- (1) Member institutions shall be obliged to inform the Protection Scheme of special events without undue delay. Special events are deemed to be the following developments in particular:
- The existence of the qualitative and/or quantitative criteria for the implementation of recovery and/or support measures in accordance with Part 1 Chapter 1 § 22(3) and § 23(2);
  - acquisitions and disposals of significant investments as specified in Article 43(a) of the CRR;
  - risks resulting from a breach of duties of care as specified in § 112;
  - risks as a result of which own funds or liquidity can be expected to fall below the statutory or regulatory requirements;
  - reports under Section 24(1) Nos. 4 and 9 of the German Banking Act;
  - circumstances which trigger a duty of disclosure to supervisory authorities and which may be relevant for the purposes of the Protection Scheme;
  - emergence of facts that may lead to substantial losses;
  - facts, as specified in Section 29(3) of the German Banking Act, which justify a qualified or adverse audit opinion, or which may have a material adverse effect on a member institution's development;
  - extraordinary changes in key ratios used for risk monitoring purposes.
- (2) The following bodies shall be authorised to inform the Protection Scheme about any development that might jeopardise the survival or seriously impair the development of member institutions:
- owners of member institutions;
  - the competent supervisory authorities;
  - the resolution authority;
  - auditors of the annual financial statements of member institutions;

- auditors who perform audits under the provisions of the Deposit Guarantee Act, the German Banking Act or the present Rules.

The Protection Scheme shall be authorised to seek from said bodies any information that is relevant to the LBS subfund or the Protection Scheme.

#### **§ 114 Other Information Obligations**

In addition, member institutions shall be obliged to furnish, at the Protection Scheme's request, any information or documents that are necessary or helpful for assessing their risk exposure.

#### **§ 115 Review of Conspicuous Risk Exposure to Assess the Risk of a Compensation Case**

Supplementing § 111 above, member institutions shall be obliged at any time to allow audits ordered by the Protection Scheme to be performed at their expense if there is reasonable evidence of a conspicuous risk exposure within the meaning of Part 1 Chapter 7 and to assess the risk of a compensation case in accordance with Sections 35 and 36 of the Deposit Guarantee Act. They shall grant access to any documents that are required for a thorough audit. Audits as specified in sentence 1 above should be performed by an auditor who had not audited the member institution's annual financial statements in any of the three preceding fiscal years. Sentences 1 and 2 apply, mutatis mutandis, in the event of an audit by the Audit Unit on the basis of Part 1 Chapter 1 § 7a.

#### **§ 116 Prevention and Recovery Measures**

- (1) The LBS subfund shall take preventive measures in respect of member institutions in accordance with Part 1 Chapter 1 § 20, § 21.
- (2) The Protection Scheme shall take recovery measures in respect of member institutions in accordance with Part 1 Chapter 1 § 22. The decision on recovery measures shall be taken by the LBS subfund or the governance body referred to in Part 1 Chapter 1 § 24.
- (3) The resolution of the LBS subfund on support measures shall be governed by § 129(1), (2). The LBS subfund shall decide at its reasonable discretion. Member institutions or third parties may not require the LBS subfund to take a specific decision.

### **IV. Support measures**

#### **§ 117 Decision by the LBS Subfund**

- (1) Insofar as the responsibility of the LBS subfund for deciding on an application for a support measure at a member institution is given in accordance with Part 1 Chapter 1 § 24(5) in conjunction with (6) sentence 1, the LBS subfund shall decide on the measure.
- (2) The subject matter of the decision by the LBS subfund is, in particular:
  - the determination of recourse to the Protection Scheme where the conditions for support under § 23(2) are met;

- taking and determining the support measures to be implemented in accordance with § 23(3) to (6) as well as the necessary conditions for the member institution concerned;
  - determination whether the RIF target volume of the Recognised IPS Subpool LBS is sufficient to cover the needs of the support measures, or whether this needs a Supraregional RIF Compensation Mechanism in one of the potential orders of support in accordance with Part 2 Chapter 1 § 147;
  - determination whether the existing means of the Additional IPS Subpool LBS (taking into account Part 2 Chapter 1 § 147(3) of the Framework Rules) are sufficient to cover the needs of the support measures, or whether this needs a Scheme-wide AIF Compensation Mechanism in accordance with Part 2 Chapter 1 § 147 of the Framework Rules;
  - determination of the order of support to be applied according to Part 2 Chapter 1 § 147 of the Framework Rules;
  - confirmation of the support agreement prepared by the management in accordance with § 122(2).
- (3) The LBS subfund shall take its decision within the period determined in accordance with Part 1 Chapter 1 § 24(6) sentences 1, 2. If the LBS subfund rejects the determination of recourse to the Protection Scheme or the support measure applied for, or if it determines that the RIF target volume of the Recognised IPS Subpool LBS is insufficient to cover the funding needs for the support measure, or that a Scheme-wide RIF Compensation Mechanism is required for this purpose in one of the potential orders of support in accordance with Part 2 Chapter 1 § 147, or that the existing means of the Additional IPS Subpool LBS (taking into account Part 2 Chapter 1 § 147(3)) are insufficient to cover the funding needs for the support measure, or a Scheme-wide AIF Compensation Mechanism is required for this purpose in one of the potential orders of support in accordance with Part 2 Chapter 1 § 147, it shall forward the application to the governance body for a final decision without undue delay.
- (4) The resolution of the LBS subfund on support measures shall be governed by § 129(1), (2). The LBS subfund shall decide at its reasonable discretion. Member institutions or third parties may not require the LBS subfund to take a specific decision.

#### **§ 118 Requirements due to the Deposit Guarantee Act**

- (1) Support measures using means of the Recognised IPS Subpool LBS must meet the requirements laid down in Section 49(1) of the Deposit Guarantee Act, even in the absence of explicit provisions in the this Chapter 5.
- (2) Support measures must not be implemented using means of the Recognised IPS Subpool LBS if a resolution measure in accordance with Section 62 of the Recovery and Resolution Act has already been initiated (Section 49(1) sentence 1 No. 2 of the Deposit Guarantee Act) or if BaFin has found that the requirements for such a measure have been met (Section 49(2) of the Deposit Guarantee Act).

- (3) Prior to taking a decision as specified in § 117, the Protection Scheme – with the involvement of the Chair of the *Bausparkassen* Conference – shall agree with BaFin on the envisaged support measures using means of the Recognised IPS Subpool LBS and the requirements to be imposed in this connection (Section 49(1) sentence 3 of the Deposit Protection Act).
- (4) For support measures for which it cannot be ruled out that they could lead to (i) either a reduction of the means of the Recognised IPS Subpool LBS to less than 25% of the RIF target volume or (ii) a reduction of the available means of the Recognised IPS Fund to less than 25% of the RIF target level, the LBS subfund must obtain the approval of the management of the Protection Scheme before its resolution in accordance with § 117(4).
- (5) Member institutions of the LBS subfund shall be obliged to make available means of the Recognised IPS Subpool LBS that are used for support measures by the LBS subfund again without delay by paying special contributions in accordance with § 109(4) if
  - depositors have to be reimbursed and if the available means of the Recognised IPS Fund amount to less than two-thirds of the RIF target level, or if the available means of the Recognised IPS Subpool LBS amount to less than two-thirds of the RIF target volume as specified in § 109(1), or
  - the available means of the Recognised IPS Fund fall below 25% of the RIF target level or the available means of the Recognised IPS Subpool LBS fall below 25% of the RIF target volume as specified in § 109(1).

As an alternative to collecting special contributions under sentence 1, the LBS subfund may also collect additional contributions directly to finance a support measure.

### **§ 119 Information Obligations in the Event of Recourse to the Protection Scheme**

In the event of recourse to the Protection Scheme, the member institution concerned shall, in the interest of transparency, grant to the Protection Scheme full access to information on its financial situation. It shall provide all the available information that is required to assess the institution's situation. The Protection Scheme shall be entitled and obliged to pass on this information to the *Bausparkassen* Conference.

### **§ 120 Owner Contributions**

- (1) In the event of recourse to the Protection Scheme, the owners<sup>5</sup> of the member institutions of the LBS subfund are expected to make their own support contributions that are proportionate to their economic interest in averting the threat to the existence of the member institution.
- (2) Support measures of the LBS subfund aimed at maintaining the member institution as a going concern are normally only considered if the owners pay appropriate support contributions. Part 1 Chapter 1 § 23(4) sentence 4, (5) sentences 3 and 4 apply.

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<sup>5</sup> Applies, mutatis mutandis, to other organisational forms.

- (3) With regard to the appropriateness of contributions by owners, it must be taken into account whether and to what extent the owners have made recovery contributions in accordance with Part 1 Chapter 1 § 22(4) sentence 1 3rd indent before recourse to the Protection Scheme. This is without prejudice to the legal framework governing decisions by the owners about their own support contributions.

#### **§ 121 Restructuring and Recovery Concept, Granting Access to Covered Deposits; Requirements**

- (1) All support measures shall be based on a restructuring and recovery concept to be prepared on behalf of the LBS subfund by the member institution or a competent third party. The concept should include in particular:
- analysis of the problem situation and its causes;
  - catalogue for short-term support measures;
  - a timetable for the initiation, implementation and completion of necessary support measures;
  - an assessment and appraisal of the member institution's future development prospects.
- (2) If the member institution concerned is in default with regard to the payment of its annual contributions, special contributions, additional contributions or special payments or the performance of information obligations or other material cooperation obligations as laid down in these Rules or Part 2 Chapter 1 of the Framework Rules, this shall be taken into consideration in the decision on conditions in accordance with subsection (4).
- (3) A support measure using means of the Recognised IPS Subpool LBS may only be implemented if it is linked to a commitment by the member institution receiving the support to grant access to covered deposits within the meaning of Section 2(5) of the Deposit Guarantee Act (Section 49(1) sentence 1 No. 5 of the Deposit Guarantee Act).
- (4) Support measures shall be made contingent on the fulfilment of requirements which, compared with applicable provisions, will include at least stricter risk monitoring and more extensive auditing rights for the Protection Scheme (Section 49(1) sentence 1 No. 4 of the Deposit Guarantee Act). In addition, requirements that may be considered shall include in particular:
- Drawing on open reserves and releasing prudential reserves in accordance with Section 340(f) of the German Commercial Code and Section 26(a) of the German Banking Act (old) to cover losses where this does not conflict with statutory requirements;
  - Accounting measures (e.g. depreciation, amortisation, write-downs and valuation allowances only to the extent absolutely necessary, exhaustion of valuation options, reversals of write-downs to the extent allowed by law);
  - Sale or transfer of interests and other assets;

- Obligation to comply with requirements regarding the management of the member institution;
  - Implementing operational measures, in particular measures relating to the organisational structure;
  - Implementing personnel measures, in particular removing the responsible board members;
  - Mergers of institutions to the extent allowed by law;
  - transfer of shares in the institution within the scope of what is legally possible and while taking due account of the Savings Banks Finance Group's association policy;
  - engaging the services of external consultants with the necessary experience and expertise;
  - issuance of a debtor warrant or comparable instrument.
- (5) When requirements are imposed, due account shall be given to the specific problems of the member institution and the effects associated with the requirements. In addition to the owner contributions, the conditions referred to in subsection (4) 8th and/or 10th indent shall as a rule be used for support measures under which means of the Recognised IPS Fund and/or the Additional IPS Fund are allocated. The member institutions are obliged to comply with the requirements without undue delay.
- (6) In the event of a support measure, the management of the Protection Scheme shall be entitled to engage external experts to supervise compliance with the restructuring and recovery concept at the expense of the member institution. The experts shall report to the management of the Protection Scheme and the member institution.

## **§ 122 Support Agreement**

- (1) The parties involved in the recovery of the institution shall conclude a support agreement. This agreement shall specify the support measures, the means to be provided, the commitment under § 121(3), the requirements under § 121(4) and the duration of the recovery phase, as well as the conditions under which the member institution is obliged to refund the funds provided for the recovery.
- (2) The LBS subfund shall commission the management of the Protection Scheme to prepare and negotiate the support agreement.
- (2) If new support measures are required during the term of a support agreement, there is a need for further recourse to the Protection Scheme, which requires a new application in accordance with Part 1 Chapter 1 § 24(2) and a new decision by the competent body of the Protection Scheme in accordance with Part 1 Chapter 1 § 24(6) or (7), if necessary in conjunction with § 117(1). The support agreement may provide otherwise where this is required in view of the nature, scope and complexity of recourse to the Protection Scheme.

### **§ 123 Information to be Provided to the Protection Scheme**

- (1) The LBS subfund shall inform the management of the Protection Scheme as soon as it has knowledge of the existence of the qualitative and/or quantitative criteria for the implementation of recovery and/or support measures in accordance with Part 1 Chapter 1 § 22(3) and § 23(2) at a member institution.
- (2) The LBS subfund shall inform the management of the Protection Scheme as soon as it receives an application for a recovery or support measure in accordance with Part 1 Chapter 1 § 24(5).
- (3) The LBS subfund shall notify the management of the Protection Scheme without delay of all decisions on prevention and recovery measures in accordance with § 116 and on support measures in accordance with § 117(1). This also includes the decision of the LBS subfund not to take a prevention measure in the event of a request by the management of the Protection Scheme in accordance with Part 1 Chapter 1 § 21(2) or a recovery or support measure applied for in accordance with Part 1 Chapter 1 § 24.

## **V. Deposit Guarantee**

### **§ 124 Handling of Compensation Cases by the Protection Scheme**

- (1) Compensation cases within the scope of deposit guarantees shall be handled by the Protection Scheme in accordance with Part 1 Chapter 1 Section III and the provisions of the Deposit Guarantee Act.
- (2) Above and beyond the statutory requirements, the LBS subfund or the Protection Scheme shall not be obliged within the scope of deposit guarantees to make compensation payments.

### **§ 125 Rights of Use of the Protection Scheme**

- (1) The Recognised IPS Subpool LBS is externally liable with its assets – irrespective of the internal burden sharing laid down in these Framework Rules – with regard to any compensation claims by depositors against the Protection Scheme. The Protection Scheme has the right to use the Recognised IPS Subpool LBS as specified in the sections below when handling compensation cases.
- (2) The Protection Scheme has full access to the Recognised IPS Subpool LBS for deposit guarantee purposes.
- (3) Means of the Recognised IPS Subpool LBS may be used, in particular, to handle compensation cases involving institutions (Section 10 of the Deposit Guarantee Act) that are members of the Protection Scheme without being members of the LBS subfund. In this case, the use of the Recognised IPS Subpool LBS is treated internally as a loan granted by the Recognised IPS Subpool LBS to the Recognised IPS Subpool of the subfund at which the institution concerned is a member.

- (4) Furthermore, the Protection Scheme is entitled to take out a loan for the account of the Recognised IPS Subpool LBS subfund in order to handle a compensation case involving a member institution of the LBS subfund (Section 10 of the Deposit Guarantee Act).
- (5) If the Protection Scheme uses the assets of another Recognised IPS Subpool of the Protection Scheme to handle a compensation case involving a member institution of the LBS subfund (Section 10 of the Deposit Guarantee Act), this is also considered a loan within the meaning of (4) above.
- (6) The interest rate charged for loans granted within the scope of the Protection Scheme as specified in (3) and (5) above is the risk-free rate of the swap curve depending on the term of the loan in relation to the 6-months EURIBOR plus a premium of 100 basis points. If the interest rate plus premium turns negative, it is frozen at zero.
- (7) Subject to the conditions set out in Part 1 Chapter 1 § 14, other subfunds shall take part in the repayment of the loans taken out or granted as specified in subsections (3), (4) and/or (5) above.
- (8) In the event of recourse to the Protection Scheme as laid down in Section 145 of the Act on the Recovery and Resolution of Financial Institutions, the above paragraphs apply *mutatis mutandis*.

## **VI. Other Provisions**

### **§ 126 Monitoring Committee**

The Protection Scheme shall set up a Monitoring Committee. Further details are laid down in the Risk Monitoring Principles of the Savings Banks Finance Group's Protection Scheme (Part 1 Chapter 7). The Monitoring Committee shall oversee the decision-making processes for engaging the Audit Unit within the meaning of Part 1 Chapter 1 § 7a (3) to perform audits of a member institution of the LBS subfund, unless this is done by a resolution of the LBS subfund under § 129(1).

### **§ 127 Duty of Confidentiality**

- (1) All those who are involved in prevention, recovery, support or compensation measures or who become active for the purposes of the Protection Scheme of the Savings Banks Finance Group are obliged to maintain confidentiality with regard to all operations and information that they take cognizance of in connection with their activities. This also applies to employees and to the members of institutions, bodies and committees and shall continue to apply after the termination of their activities.
- (2) This does not affect the right to disclose information to supervisory and audit authorities in accordance with statutory provisions.

### **§ 128 Participation in the Protection Scheme**

- (1) In accordance with Part 1 Chapter 1 and Part 2 Chapter 1, the member institutions of the LBS subfund shall participate, actively and passively, in the Protection Scheme and shall bear a pro-rata share (calculated on the basis of the RIF target volume) of the operating costs of the Protection Scheme. Starting on 1 January 2025, the share of costs of operating the Protection Scheme

directly attributable to the Recognised IPS Fund shall be calculated on the basis of the RIF target volume and the share of the costs of operating the Additional IPS Fund shall be calculated on the basis of the AIF target volume. Starting on 1 January 2025, the pro rata share of the other costs of operating the Recognised IPS Subpool on the one hand and the Additional IPS Subpool on the other shall be calculated on the basis of the ratio of the RIF target level and the AIF target level; the allocation between the Recognised IPS Subpools shall be in proportion to their RIF target volumes and the allocation between the Additional IPS Subpool shall be in proportion to their AIF target volumes.

- (2) If a member institution withdraws from the Protection Scheme in accordance with Part 1 Chapter 1 § 3, or if a member institution is excluded from the Protection Scheme in accordance with Part 1 § 4, the institution concerned shall at the same time leave the LBS subfund.

#### **§ 129 Responsibilities, Adoption of Resolutions**

- (1) Resolutions for the LBS subfund shall be adopted by the *Bausparkassen* Conference with a two-thirds majority of the votes represented; each of the institutions referred to in § 104(1) shall have one vote. Meetings shall be chaired by the Chairman of the *Bausparkassen* Conference or, if the latter's institution is excluded from voting on a resolution in accordance with the provisions set out in Chapter 5, by the Deputy Chairman.
- (2) In the event of resolutions of the LBS subfund on institutional protection measures within the meaning of Part 1 Chapter 1 § 19(1), the member institution concerned shall be excluded from voting rights under (1) above.

#### **§ 130 Annual Financial Statements, Annual Report**

The Protection Scheme shall prepare the annual financial statements and the annual report for the Recognised IPS Fund and the Additional IPS Fund in which the LBS subfund is included.

**Chapter 6**  
**Principles of Risk-Based Computation of Contributions**  
**for the Recognised IPS Fund of the Savings Banks Finance Group**

**§ 131 Contribution Measurement**

The Principles of Risk-Based Computation of Contributions for the Recognised IPS Fund of the Savings Banks Finance Group, attached as Annex 1, are an integral part of these Framework Rules, as amended from time to time. They apply to all the subfunds of the Protection Scheme and their Recognised IPS Subpools.

## **Chapter 7**

### **Risk Monitoring Principles for the Protection Scheme of the Savings Banks Finance Group**

#### **§ 132 Risk Monitoring**

The Risk Monitoring Principles for the Protection Scheme of the Savings Banks Finance Group, attached as Annex 2, are an integral part of these Framework Rules, as amended from time to time, and apply to all the subfunds of the Protection Scheme. Hence, these principles are uniform and binding minimum risk monitoring standards. The management of the Protection Scheme is entitled to attend the meetings of the Monitoring Committee, as is the management of the Audit Unit on the basis of Part 1 Chapter 1 § 7a(2).

**Chapter 8**  
**Audit Guidelines in Accordance with Section 36(2) of the Deposit Guarantee  
Act of the Institutional Protection Scheme Recognised as a Deposit Guarantee  
Scheme**

**§ 133 Audits of Member Institutions**

The audit guidelines in accordance with Section 36(2) of the Deposit Guarantee Act of the institutional protection scheme recognised as a deposit guarantee scheme attached as Annex 3 are, as amended, a component of these Framework Rules and apply to all subfunds of the Protection Scheme and their Recognised IPS Subpools.

**Part 2**  
**Rules Governing the Protection Scheme and the Additional IPS Fund**

**Chapter 1**  
**Rules for the Additional IPS Fund**

**I. Establishment and Purpose of the Additional IPS Fund**

**§ 134 Establishment of the Additional IPS Fund**

- (1) The Additional IPS Fund is established effective 1 January 2025.
- (2) The Additional IPS Fund comprises 13 functionally connected Additional IPS Subpools of the regional savings bank associations based on the Model Rules specified in Part 1 Chapter 2, of the *Landesbanken* and *Girozentralen* specified in Part 1 Chapter 4, and of the *Landesbauspar-kassen* specified in Part 1 Chapter 5.
- (3) The target level of the Additional IPS Fund (“**AIF target level**”) amounts to 0.5% of the total risk exposure amount of the Member Institutions within the meaning of Section 1(3d) sentence 1 of the German Banking Act. It is determined on the basis of the principles referred to in Part 2 Chapter 3. Upon the proposal by the management of the Protection Scheme after evaluating the results of stress tests with regard to the Protection Scheme’s support capacity, the governance body may propose a change in the AIF target level to the General Meeting of the DSGV. The target volume of the relevant Additional IPS Subpool (“**AIF target volume**”) within the AIF target level shall be determined on the basis of the principles defined in Part 2 Chapter 3.

**§ 135 Purpose, Independence**

- (1) The Additional IPS Fund and its component Additional IPS Subpools serve exclusively to provide institutional protection support measures in accordance with Article 113(7) of the CRR for the Member Institutions.
- (2) The Additional IPS Fund and its component Additional IPS Subpools are not part of the Recognised IPS Fund. The means of the Additional IPS Fund and its component Additional IPS Subpools are not part of the available means of the Recognised IPS Fund within the meaning of Section 17(1) sentence 1 of the Deposit Guarantee Act. The Additional IPS Fund forms part of the Protection Scheme that has access to the means of the Additional IPS Fund from 1 January 2025 as well as the means of the Recognised IPS Fund, in accordance with the provisions of Part 2 in conjunction with Part 1 of the present Framework Rules.

**§ 136 Withdrawal from the Protection Scheme**

- (1) Withdrawal from the Protection scheme in accordance with Part 1 Chapter 1 § 3 of the present Framework Rules also includes withdrawal from the Additional IPS Fund.
- (2) If a Member Institution withdraws from the Protection Scheme, the Protection Scheme, the sub-funds, the Additional IPS Fund and its component Additional IPS Subpools are not obliged to make any payments from the means of the Additional IPS Fund or its component Additional IPS

Subpools either for institutional guarantee or for deposit guarantee; there is no entitlement to repayment or transfer of contributions and payments made by the institution to the Additional IPS Fund or one of its Additional IPS Subpools or of income of the Additional IPS Fund or one of its component Additional IPS Subpools.

### **§ 137 Exclusion from the Protection Scheme**

- (1) Exclusion from the Guarantee Scheme in accordance with Part 1 Chapter 1 § 4 of the present Framework Rules includes withdrawal from the Additional IPS Fund.
- (2) If a Member Institution is excluded from the Protection Scheme, the Protection Scheme, the subfunds, the Additional IPS Fund and its Additional IPS Subpool are not be obliged to make any payments from the means of the Additional IPS Fund or its component Additional IPS Subpools either for institutional protection or for deposit guarantee; there is no entitlement to repayment or transfer of contributions and payments made by the institution to the Additional IPS Fund or one of its Additional IPS Subpools or of income of the Additional IPS Fund or one of its component Additional IPS Subpools.

## **II. Organisational Structure**

### **§ 138 Annual Report and Annual Financial Statements**

- (1) After the end of the calendar year, the Protection Scheme will draw up an annual report for the Additional IPS Fund, for the first time for 2025. The Annual Report shall comprise the following information:
  - information on the activities and financial position of the Protection Scheme, in particular the amount and investment of the existing means of the Additional IPS Fund and their use for support measures;
  - information on the level of contributions;
  - information on the costs of administration;
- (2) The Protection Scheme shall prepare annual financial statements for the Additional IPS Fund, covering all of the Additional IPS Subpool, for the first time for 2025.

## **III. Funding for Support Measures using Means of the Additional IPS Fund**

### **§ 139 Principles**

- (1) Subject to the provisions in § 146 to § 148, support measures of the Protection Scheme must first be funded by the relevant subfunds from the existing means of its Additional IPS Subpool.
- (2) Any Supraregional AIF Compensation Mechanism between the Additional IPS Subpools Savings Banks shall be implemented in accordance with Part 2 Chapter 2 § 149, § 150. Any Scheme-wide AIF Compensation Mechanism between all the Additional IPS Subpools shall be implemented in accordance with § 140, subject to the arrangements set out in § 146 to § 148.

- (3) A funding requirement in excess of the existing funds of the Additional IPS Subpools obliged to fund a support measure shall be covered by raising additional contributions under § 142 and/or by taking out a loan under § 141(3) in conjunction with § 35, subject to the arrangements set out in § 146 to § 148. The payment obligations of the Member Institutions are limited in accordance with § 36.

#### **§ 140 Conditions for and Implementation of the Scheme-wide AIF Compensation Mechanism**

- (1) A Scheme-wide AIF Compensation Mechanism shall be implemented between the subfunds if
- subject to the arrangements set out in § 146 to § 148, the necessary expenses from means of the Additional IPS Fund for implementing recourse to the Protection Scheme as part of institutional protection exceed the existing means of the Additional IPS Subpool of the relevant subfund, in the case of a savings bank subfund including the existing means of the other Additional IPS Subpools Savings Banks in the Supraregional AIF Compensation Mechanism in accordance with Part 2 Chapter 2 (“**Scheme-wide AIF Compensation Mechanism when the existing means are exhausted**”), or
  - in the case of several member institutions of a responsible subfund as a result of the application of the provisions in § 146(3), § 147(3) or § 148(2), the criteria for a substantial risk under § 36(4) are met; however, in the case of a savings bank subfund, the Supraregional AIF Compensation Mechanism must first be implemented in accordance with Part 2 Chapter 2 (“**Scheme-wide AIF Compensation Mechanism in the event of a substantial risk**”), and
  - the governance body has identified the applicability of the conditions for Scheme-wide AIF Compensation Mechanism in the event of recourse to the Protection Scheme by means of a decision in accordance with § 25(1).

When support is provided to a savings bank that is a member of two savings bank subfunds in accordance with Part 1 Chapter 2 § 38(1b), the above 1st indent 1st half-sentence applies subject to the condition that it is sufficient if the necessary expenses from means of the Additional IPS Fund exceed the existing means of the Additional IPS Subpool Savings Banks for only one of these savings bank subfunds.

- (2) As part of the total existing means of all Additional IPS Subpools, the means of the Additional IPS Fund shall be used in the following order when implementing the Scheme-wide AIF Compensation Mechanism, subject to the arrangements set out in § 146 to § 148 (order of support):
- First, the existing means of the Additional IPS Subpool of the subfund whose member institution is involved in recourse to the Protection Scheme are used. In the case of support for a savings bank that is a member of two savings bank subfunds in accordance with Part 1 Chapter 2 § 38(1b), sentence 1 applies with the condition that it is sufficient if, at this stage of the order of support, the existing means of the Additional IPS Subpool Savings Banks of only one of the two subfunds is fully used, taking into account the obligations of the two savings bank subfunds allocated in accordance with Part 1 Chapter 2 § 38(1b) sentence 2.

- When support is provided to a savings bank, the Supraregional AIF Compensation Mechanism under Part 2 Chapter 2 is subsequently implemented.
  - The additional means required shall be covered by the means of the other subfunds available in the Additional IPS Subpool in proportion to the amounts of their respective AIF target volumes, however not exceeding their existing means of the Additional IPS Subpool.
- (3) To the extent that the expenses needed to implement recourse to the Protection Scheme from means of the Additional IPS Fund exceed the existing means of all Additional IPS Subpool, taking into account the provisions in subsection (2) above and in § 146 to § 148, they will be covered in accordance with § 141.

#### **§ 141 Covering Funding Requirements in Excess of the Existing Means**

- (1) Subject to the provisions of § 140 and § 146 to § 148, to the extent that the funds required from means of the Additional IPS Fund in the event of recourse to the Protection Scheme exceed the total existing means of all Additional IPS Subpool and use of the means of the Recognised IPS Fund is not possible legally or factually in a timely manner, they will be covered by the collection of additional contributions, by taking out loans or a combination of both measures. The decision is taken by the governance body in accordance with § 25(1).
- (2) Insofar as the means required under subsection (1) sentence 1 are covered by the collection of additional contributions, they will be collected by the subfunds. The funding requirement shall be distributed across the subfunds up to the amount of the difference between the total existing means of all Additional IPS Subpool and the AIF target level in proportion to the appropriate difference between the existing means of the Additional IPS Subpool and the AIF target volume of the relevant subfund, and otherwise in proportion to their relevant RIF target volumes.
- (3) Insofar as the means required under subsection (1) sentence 1 are covered by taking out loans, this is performed in accordance with § 35.

#### **§ 142 Additional Contributions**

- (1) Member Institutions are obliged to pay additional contributions if additional contributions are levied
- to cover means required if the existing means are exceeded in accordance with § 141(1), (2), or
  - to cover the expenses for interest, principal repayment and costs of loans in accordance with § 141(3) in conjunction with § 35(2).
- (2) Additional contributions are collected by the subfund responsible for a Member Institution on the basis of the principles for the computation of contributions for the Additional IPS Fund (Part 2 Chapter 3).

### **§ 143 Limitation on the Payment Obligations of Member Institutions**

- (1) The payment obligations of the Member Institutions related to the Additional IPS Fund are limited in accordance with § 36.
- (2) Additional contributions for the Additional IPS Fund in accordance with the rules for the relevant subfund must not exceed the difference between the existing means of the Additional IPS Subpool and the AIF target volume of the subfund in question, unless additional contributions in excess of this are required in accordance with § 141 and § 142.

## **IV. Support Measures**

### **§ 144 Support Measures after 31 December 2024**

Support measures of the Protection Scheme after 31 December 2024 in relation to the Additional IPS Fund are also governed by the provisions in Part 1 of the present Framework Rules, with the supplements resulting from the following provisions of this Chapter 1.

### **§ 145 Using the Means of the Additional IPS Fund for Support Measures**

If the Protection Scheme decides on a support measure after 31 December 2024 using means of the Protection Scheme, the means of the Additional IPS Fund shall be used for that purpose in accordance with § 146 to § 148.

### **§ 146 Using the Means to Support Savings Banks**

- (1) In the case of support for a Member Institution belonging to a savings bank subfund, the means of the Protection Scheme shall be used in one of the following two orders:
  - (a) Order of support A
    - Initially, the means of the Recognised IPS Fund are used up to the amount of the RIF target level in accordance with the applicable provisions in Part 1 of the present Framework Rules (see § 31(1) and (2)).
    - If there is a need for additional means, these are covered by the existing means of the Additional IPS Fund in accordance with the applicable provisions in Part 2 of the present Framework Rules (see § 140(1) and (2)).
    - Any remaining need for means is covered in accordance with the provisions for covering means required if the RIF target level in Part 1 of the present Framework Rules is exceeded (see § 31(3), §§ 33ff.).
  - (b) Order of support B
    - Initially, the existing means of the Additional IPS Fund are used in accordance with the applicable provisions in Part 2 of the present Framework Rules (see § 140(1) and (2)).

- If there is a need for additional means, these shall be covered by the means of the Recognised IPS Fund, subject to the provisions in § 141, in accordance with the applicable provisions in Part 1 of the present Framework Rules (see § 31ff.).
- (2) The decision on the order of support to be applied in the event of recourse to the Protection Scheme in accordance with subsection (1) above shall be taken by the competent body of the Protection Scheme on a case-by-case basis at its reasonable discretion.
- (3) In the period until 31 December 2032, subsection (1)(b) above (order of support B), 1st indent, shall apply subject to the following condition: in the first level of the order of support, a funding requirement in excess of the existing means of the relevant Additional IPS Subpool Savings Banks shall initially be covered from the Recognised IPS Subpool Savings Banks of the relevant savings bank subfund up to the amount of the difference between the existing means of the Additional IPS Subpool Savings Banks and the amount of the RIF target volume of the relevant savings bank subfund in accordance with Part 1 of these Framework Rules. At each further level of the order of support, any funding requirement in excess of the existing means of the relevant Additional IPS Subpool shall initially be covered by the relevant Additional IPS Subpool up to the respective difference between the existing means of the Additional IPS Subpool and the amount of the RIF target volume of the relevant subfund in accordance with Part 1 of these Framework Rules. If there is a requirement for additional means, these shall be covered by the Recognised IPS Fund, subject to the applicable provisions in Part 1 of the present Framework Rules (see § 31ff.).

#### **§ 147 Using the Means to Support *Landesbausparkassen***

- (1) In the case of support for a Member Institution belonging to the LBS subfund, the means of the Protection Scheme shall be used in one of the following two orders:
- (a) Order of support A
- Initially, the means of the Recognised IPS Fund are used up to the amount of the RIF target level in accordance with the applicable provisions in Part 1 of the present Framework Rules (see § 31(1) and (2)).
  - If there is a need for additional means, these are covered by the existing means of the Additional IPS Fund in accordance with the applicable provisions in Part 2 of the present Framework Rules (see § 140(1) and (2)).
  - Any remaining need for means is covered in accordance with the provisions for covering means required if the RIF target level in Part 1 of the present Framework Rules is exceeded (see § 31(3), §§ 33ff.).
- (b) Order of support B
- Initially, the existing means of the Additional IPS Fund are used in accordance with the applicable provisions in Part 2 of the present Framework Rules (see § 140(1) and (2)).

- If there is a need for additional means, these shall be covered by the means of the Recognised IPS Fund, subject to the provisions in § 141, in accordance with the applicable provisions in Part 1 of the present Framework Rules (see § 31ff.).
- (2) The decision on the order of support to be applied in the event of recourse to the Protection Scheme in accordance with subsection (1) above shall be taken by the competent body of the Protection Scheme on a case-by-case basis at its reasonable discretion.
- (3) In the period until 31 December 2032, subsection (1)(b) above (order of support B), 1st indent, shall apply subject to the following condition: in the first level of the order of support, a funding requirement in excess of the existing means of the Additional IPS Subpool LBS shall initially be covered from the Recognised IPS Subpool LBS up to the amount of the difference between the existing means of the Additional IPS Subpool LBS and the amount of the RIF target volume of the LBS subfund in accordance with Part 1 of these Framework Rules. As part of the Scheme-wide AIF Compensation Mechanism, any funding requirement in excess of the existing means of the other Additional IPS Subpools shall initially be covered by the relevant Recognised IPS Subpool up to the respective difference between the existing means of the Additional IPS Subpool and the amount of the RIF target volume of the relevant subfund in accordance with Part 1 of these Framework Rules. If there is a requirement for additional means, these shall be covered by the Recognised IPS Fund, subject to the applicable provisions in Part 1 of the present Framework Rules (see § 31ff.).

#### **§ 148 Using the Means to Support *Landesbanken***

- (1) In the case of support for a Member Institution belonging to the *Landesbanken* subfund, the means of the Protection Scheme shall be used in the following order (order of support):
- Initially, the existing means of the Additional IPS Fund are used in accordance with the applicable provisions in Part 2 of the present Framework Rules (see § 140(1) and (2)).
  - If there is any requirement for additional means, these shall be covered by the means of the Recognised IPS Fund, subject to the provisions in § 141, in accordance with the applicable provisions in Part 1 of the present Framework Rules (see § 31ff.).
- (2) By way of derogation from subsection (1) above, the means of the Protection Scheme shall be used in the following order in the period until 31 December 2032 (order of support):
- The funding requirement shall be covered initially from the existing means of the Additional IPS Subpool *Landesbanken*.
  - The further funding requirement shall be covered by the Recognised IPS Subpool *Landesbanken* in accordance with Part 1 of the present Framework Rules, but only up to the difference between the amount of the means of the Additional IPS Subpool *Landesbanken* used in accordance with the first indent of this subsection (2) and the amount of the AIF target volume of the *Landesbanken* subfund.

- Any requirement for additional means shall be covered by the existing means of the Additional IPS Fund in accordance with the applicable provisions in Part 2 of the present Framework Rules (see § 140(1) and (2)).
  - Subsequently, further funding requirements shall be covered from the Recognised IPS Subpools Savings Banks and the Recognised IPS Subpool LBS in accordance with Part 1 of the present Framework Rules, but only up to the respective difference between the amount of the means of the Additional IPS Subpool used in accordance with the third indent of this subsection (2) and the amount of the AIF target volume of the relevant subfund.
  - If there is a requirement for additional means, these shall be covered by the Recognised IPS Fund, subject to the applicable provisions in Part 1 of the present Framework Rules (see § 31ff.).
- (3) Cover for the funding requirements from the existing means of the Additional IPS Subpool *Landesbanken* for support in accordance with subsection (1) 1st indent in conjunction with § 139(1) and for support in accordance with subsection (2) 1st indent in conjunction with § 139(1) shall initially be made from the existing means of the Additional IPS Subpool *Landesbanken* attributable to the Member Institution in question, and subsequently from the existing means of the Additional IPS Subpool *Landesbanken* attributable to the other Member Institutions of the *Landesbanken* subfund (in proportion to the shares in the AIF target volume of the *Landesbanken* subfund attributable to them).

**Chapter 2**  
**Rules for the Savings Bank Subfunds' Supraregional AIF Compensation Mechanism  
for Institutional Protection Measures**

**§ 149 Recourse to the Supraregional Compensation Mechanism**

- (1) The regional savings banks associations (“**regional associations**”) operate subfunds to support their member savings banks in accordance with Part 1 Chapter 2.
- (2) Should a regional association’s means required to deal with recourse to the Protection Scheme in the context of institutional protection exceed the existing means of the Additional IPS Subpool Savings Banks when means of its Additional IPS Subpool Savings Banks are used, the Supraregional Compensation Mechanism between the Additional IPS Subpools Savings Banks shall provide the necessary means in accordance with the provisions below (“**Supraregional AIF Compensation Mechanism**”), provided that the provisions of the Model Rules laid down in Part 1 Chapter 2 in conjunction with Part 1 Chapter 1 and Part 2 Chapter 1 of the Framework Rules are complied with. When support is provided to a savings bank which is a member of two savings bank subfunds as set out in Part 1 Chapter 2 § 38(1b), this shall already apply if the means to be provided exceed the amount of existing means of the Additional IPS Subpool Savings Banks of only one of these two Additional IPS Subpools Savings Banks. In the event of a merger between regional associations, the respective Additional IPS Subpools Savings Banks of these associations shall be merged into a single Additional IPS Subpool Savings Banks. Part 1 Chapter 3 § 70(2) sentences 4 and 5 of the Framework Rules apply, *mutatis mutandis*.
- (3) If, as a result of the application of the provisions in § 146(3), § 147(3) or § 148(2) 4th indent (in each case in conjunction with Part 1 Chapter 2 § 43(5) 1st alternative), several member savings banks of a savings bank subfund fulfil the conditions for substantial risk exposure as specified in Part 1 Chapter 2 § 44(3) in conjunction with Part 1 Chapter 1 § 36(4) of the Framework Rules, the regional association concerned may have direct recourse to the Supraregional AIF Compensation Mechanism and file an application for advance provision of funds for support measures by the Supraregional AIF Compensation Mechanism. When providing support to a savings bank that is a member of two savings bank subfunds in accordance with Part 1 Chapter 2 § 38(1b), an application for advance provision of funds for support measures by the Supraregional AIF Compensation Mechanism may also be filed by only one of these two savings bank subfunds. The regional association concerned shall assert the conditions set out in sentence 1 without delay, however no later than prior to the decision on the measures to be taken in accordance with § 154.
- (4) If an institution is associated with the *Landesbanken* subfund via a separate subfund in accordance with Part 1 Chapter 4 § 77(3) of the Framework Rules and if use is made of the existing means of this separate Additional IPS Subpool in the event of recourse to the Protection Scheme, the Supraregional AIF Compensation Mechanism shall provide the necessary means, provided that the institution concerned has complied with the provisions of the association agreement.

**§ 150 Conditions for Recourse**

- (1) Before any recourse to the Supraregional AIF Compensation Mechanism, the existing means of the regional Additional IPS Subpool Savings Banks concerned shall first be used. In the case of § 149(3), the member savings banks of the savings bank subfund for which there is a substantial

risk shall only make additional contributions up to the limit of the substantial risk; the amount not recoverable from these member savings banks shall not be compensated within the Additional IPS Subpools Savings Banks.

- (2) If the regional Additional IPS Subpool Savings Banks concerned has fulfilled its obligations under subsection (1) above, the additional means required shall be covered proportionately from the existing means of the other regional Additional IPS Subpools Savings Banks in proportion to the amounts of their respective AIF target volumes, at most, however, when the existing means of their respective Additional IPS Subpool Savings Banks are reached. This shall not affect the collection of additional contributions in accordance with Part 2 Chapter 1 § 146(3), § 147(3) or § 148(2) 4th indent, in each case in conjunction with Part 1 Chapter 2 § 43(5) 1st alternative and in accordance with Part 1 Chapter 2 § 43(12) 1st indent in conjunction with Part 2 Chapter 1 § 142(1) 1st indent of the Framework Rules.
- (3) In the cases set out in § 149(2) sentence 2 and in (3) sentence 2, the two savings bank subfunds concerned shall – irrespective of the other savings bank subfund's payment or recourse to the Supraregional AIF Compensation Mechanism – provide support in accordance with the savings bank's share attributed to them in accordance with subsection (1) above. If one of the two savings bank subfunds has recourse to the Supraregional AIF Compensation Mechanism, the other savings bank subfund shall therefore not participate in the payments made by the Supraregional AIF Compensation Mechanism.

#### **§ 151 Provision of Means**

The means to be provided by the savings bank subfunds in accordance with § 150(2) shall be made available at the Protection Scheme's request, and these means shall be used in accordance with the decision specified in Part 1 Chapter 1 § 26(1). The management of the Protection Scheme shall coordinate the provision of the means.

#### **§ 152 Duty of Notification Incumbent upon the Regional Association, Joint Committee**

- (1) The regional association applying for support shall notify the Protection Scheme sufficiently in advance of the need for recourse to the Supraregional AIF Compensation Mechanism, the intended measures and the amount of the means probably required. The Protection Scheme shall pass on this information to the other regional associations without delay.
- (2) If the use of the Supraregional AIF Compensation Mechanism and/or the Scheme-wide AIF Compensation Mechanism is threatened if recourse is made to the Protection Scheme, the management of the Protection Scheme should convene the Joint Committee. Part 1 Chapter 3 § 73(2) sentence 2, (3), (5) and (6) of the Framework Rules apply, *mutatis mutandis*.

#### **§ 153 Duty of Information Incumbent upon the Regional Association**

Part 1 Chapter 3 § 74 of the Framework Rules applies, *mutatis mutandis*.

**§ 154 Decision by the Governance Body**

The governance body shall determine in accordance with Part 1 Chapter 1 § 25, § 26(2) of the Framework Rules whether the conditions for Supraregional AIF Compensation have been met and shall decide on the support measure to be implemented.

### **Chapter 3**

#### **Principles for the Computation of Contributions to the Additional IPS Fund**

##### **§ 155 Computation of Contributions**

- (1) The Principles of Risk-Based Computation of Contributions to the Additional IPS Fund, attached as Annex 4, are an integral part of the present Framework Rules, as amended from time to time. They apply to all the subfunds of the Protection Scheme and its Additional IPS Subpools.
- (2) In the Principles for the Computation of Contributions, the provisions applicable to the individual Additional IPS Subpools may be structured differently, for example with regard to the AIF target volumes of the individual subfunds. The Principles for the Computation of Contributions may define modifications of the order of support within the terms of the Framework Rules and provisions on arrangements for and the impact of mergers between Member Institutions. Amendments to such provisions with different structures are possible with the consent of the relevant subfunds impacted by the intended impacts.
- (3) The savings bank subfunds (in relation to their respective Additional IPS Subpool Savings Banks) and the Member Institutions of the other subfunds may each unanimously specify greater details and/or variations for the relevant Additional IPS Subpool within the framework specified in the Framework Rules and the Principles for the Computation of Contributions to the Additional IPS Fund, provided and to the extent that this does not adversely affect the Protection Scheme, the other subfunds and their Member Institutions (e.g. in the context of the order of support, the obligation to make supplementary contributions or similar). Specified greater details and/or variations with potential adverse effects require the approval of the management of the Protection Scheme and the other subfunds concerned in each case.

## **Part 3**

### **Final Provisions**

#### **§ 156 Entry into Force**

The present Framework Rules shall enter into force on 3 July 2015.

#### **§ 157 Transitional Provisions**

The regional associations shall amend the rules adopted in accordance with the previous Model Rules for the savings bank subfunds of the regional associations (Chapter 2 of the Framework Rules, as most recently amended by resolution of the General Meeting of 27 August 2021) in such a way that they comply with the Model Rules for the savings bank subfunds of the regional associations in accordance with Part 1 Chapter 2 no later than six months after the amendments to these Framework Rules take effect, but in any event after 1 January 2025. Until their implementation, the previous Model Rules for the savings bank subfunds of the regional associations shall continue to apply to the individual regional associations.

#### **§ 158 Amendments to the Rules**

- (1) Amendments to these Framework Rules shall be adopted by the DSGV's General Meeting with a three-quarters majority of the votes represented. Article 9 (1) sentence 4 and 5 of DSGV e.V.'s Statutes applies, *mutatis mutandis*.
- (2) By way of derogation from subsection (1) sentence 1 above, a substantial amendment to Part 1 Chapter 1 § 6(3), § 24(5) and (6), § 27, § 32(2), § 33(2) sentence 2, § 35(2) sentences 2 and 3 and/or Part 2 § 134(3) sentence 3, § 135(1), § 136(2), § 137(2), § 140(1) and (2), § 141 (1), (2) sentence 2 and (3) in conjunction with § 35(2) sentences 2 and 3 as well as § 145 to § 148 requires a resolution of the DSGV's General Meeting with 9/10 of the votes represented, unless a unanimous decision is required under higher-ranking law. A significant change within the meaning of sentence 1 applies in the case of
  - § 6(3), if the votes are changed by a weighted majority;
  - § 24(5) and (6), if the division of responsibilities between the subfunds and the governance body is significantly amended;
  - § 27, if the majority requirements are amended;
  - § 32(2), regarding the financing responsibility of the subfunds and Affiliated Institutions and their order in the order of support;
  - § 33(2) sentence 2 or § 35(2) sentences 2 and 3, if the financing responsibility of the subfunds and Member Institutions is amended.
  - § 134(3) sentence 3 relating to the amount of the target level of the Additional IPS Fund;
  - § 135(1) relating to use of the assets of the Additional IPS Fund;

- § 136(2) or § 137(2) relating to repayment or transfer of means of the Additional IPS Fund;
  - § 140(1) and (2) relating to the funding responsibility of the subfunds and the Member Institutions and their order in the order of support;
  - § 141(1), (2) sentence 2 or (3) in conjunction with § 35(2) sentences 2 and 3, if the funding responsibility of the subfunds and Member Institutions is amended.
  - § 145, § 146, § 147 and/or § 148 relating to the order of support.
- (3) Any amendment to Part 1 Chapter 2 or Chapter 3 or Part 2 Chapter 2 shall require a resolution of the Joint Committee under Part 1 Chapter 3 § 73(5) by a majority of two-thirds of the votes cast.
- (4) Any amendment to Part 1 Chapter 4 shall require a resolution as specified in Part 1 Chapter 4 § 102(1).
- (5) Any amendment to Part 1 Chapter 5 shall require a resolution as specified in Part 1 Chapter 5 § 129.
- (6) In accordance with Section 45(1) No. 1 of the Deposit Guarantee Act, the Federal Financial Services Supervisory Authority (BaFin) shall be notified without delay of any resolutions on amendments to these Rules that affect the Institutional Protection Scheme recognised as a deposit guarantee scheme, and in accordance with Section 47(2) of the Deposit Guarantee Act, the resolutions shall only become effective three months after the notification, unless BaFin has previously established the harmlessness of the amendment.

**§ 159 Closure of the *Landesbanken* Subfund, the LBS Subfund, the Recognised IPS Fund, the Additional IPS Fund or the Protection Scheme as a whole**

§ 158(1), (3) to (6) shall also apply to the closure of the *Landesbanken* subfund, the LBS subfund, the Recognised IPS Fund, the Additional IPS Fund or of the Protection Scheme as a whole, with the proviso that the requirements of the Deposit Guarantee Act shall be observed in decisions on the closure and use of the existing assets of the Recognised IPS Fund. In addition, the relevant assets of the Recognised IPS Fund shall be used by the Association for purposes of deposit protection or institutional protection. In the event of closure, the assets of the Additional IPS Fund shall be transferred to one or more other tax-privileged protection schemes with equivalent objectives.

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## Glossary

The terms listed below have the meaning attributed to them on the indicated page(s) of the present Framework Rules:

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