

# The Guarantee Fund for Depositors and Investors

## **How are my deposits and securities covered in the event of compulsory winding-up?**

This brochure presents the Guarantee Fund for Depositors and Investors, which provides security for deposits and securities in banks, mortgage banks, investment companies and certain investment management companies, as well as Danish branches of foreign credit institutions ("financial institutions").

## The Guarantee Fund for Depositors and Investors

The Guarantee Fund for Depositors and Investors (the "Guarantee Fund") is a private independent institution established by an Act of Parliament.<sup>1)</sup>

Its Board of Directors, which is appointed by the Minister for Economic and Business Affairs, includes representatives of the Danish financial sector and the Danish Consumer Council.

The rules of the Guarantee Fund apply to both private individuals and business enterprises that have deposited money and securities with Danish financial institutions.

### What does the Guarantee Fund cover?

To a large extent, the Guarantee Fund covers your losses if a financial institution becomes subject to compulsory winding-up.

The Guarantee Fund covers both your loss of savings and your losses if the financial institution does not return your securities – up to a certain amount.

### How is compensation calculated?

The coverage is P. T. an amount equal to 100,000 euro.

#### *Cash deposits – covered up to EUR 100,000*

The Guarantee Fund covers cash deposits up to EUR 100,000 registered in your name. If you have borrowed money from your financial institution, the debt will be deducted from your deposits. In other words, the Guarantee Fund covers deposits with the financial institution less any debt to the financial institution. The amount is calculated including any interest receivable or payable up to and including the date of winding-up.

#### *Certain special deposits – fully covered*

Certain "special deposits" with the banks are fully covered by the Guarantee Fund. This means that even deposits exceeding EUR 100,000 are covered by the Guarantee Fund, without deduction of any debt to the bank.

Special deposits include savings schemes established by law, such as index-linked accounts, lump-sum pension accounts, personal pension accounts, installment pension accounts, children's savings accounts, home savings contracts, educational savings accounts and establishment accounts.

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<sup>1)</sup> An English translation of the Act can be found on the website of the Danish Financial Supervisory Authority,

If you have purchased real property and your purchase price and proceeds from mortgage loans have been deposited within the last nine months in accordance with the purchase agreement, the full deposit will be covered, even if it exceeds EUR 100,000. However, this only applies if the real property is mainly intended for non-commercial use. For new buildings the same applies, except that the proceeds are covered for up to two years from the date of deposit.

#### *Securities in an individual custody account – returned directly from the estate*

If you are the owner of securities in an individual custody account, e.g. with VP Securities Services, your securities will be returned to you, irrespective of the winding-up of the financial institution.

If the financial institution is unable to return the securities held in safe-custody, administered or managed, the Guarantee Fund as a rule covers losses of up to EUR 20,000 per investor, less any debt to the financial institution. The value of the securities is calculated inclusive of interest at the market value (and exchange rate, if relevant) of the securities at the date of winding-up.

#### *Shared accounts and shared custody accounts with several owners*

If several people jointly own cash, each person is regarded as an individual depositor, provided that he or she is registered as an account holder. Each depositor is eligible for compensation from the Guarantee Fund up to EUR 100,000.

The same applies to securities under joint ownership, i.e. each owner is eligible for compensation from the Guarantee Fund, but up to EUR 20,000, provided that he or she is registered as an owner of the custody account.

If the owner of the cashes/securities in safe-custody is a legal entity such as a company or an association, the owner is regarded as one depositor.

## **What the Guarantee Fund does not cover**

The Guarantee Fund does not cover guarantee commitments, cheques, securities and other documents, including participation certificates issued by the financial institution itself.

## **What happens in the event of compulsory winding-up?**

Within one month from the compulsory winding-up of the financial institution, you will receive a statement of your total accounts with the financial institution. You will also receive a guide, telling you what to do. For example, you must contact another financial institution, which will help you file your claim with the Guarantee Fund. As soon as the Guarantee Fund has approved your claim, and not later than three months after the compulsory winding-up, the money will be paid out or transferred to your account with the new financial institution.

## **Foreign financial institutions with branches in Denmark**

Deposits in a Danish branch of a foreign financial institution domiciled in the EU/EEA <sup>2)</sup>, are covered by the guarantee scheme in the financial institution's home country. If the Danish scheme provides more extensive cover than that of the home country, the Danish branch may have joined the Guarantee Fund in order to achieve supplementary cover.

If you are a customer in a Danish branch of a financial institution domiciled outside the EU/EEA, your loss is, as a rule, covered by the Guarantee Fund – please contact your branch for further information.

## **The Faroe Islands and Greenland**

Special rules apply for deposits, etc. with Faroese and Greenlandic financial institutions – please contact your financial institution for further information.

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<sup>2)</sup> EU: Belgien, Bulgarien, Danmark, Finland, Frankrig, Grækenland, Holland, Irland, Italien, Luxembourg, Portugal, Rumænien, Spanien, Storbritannien, Sverige, Tyskland, Østrig, Cypern, Estland, Letland, Litauen, Malta, Polen, Slovakiet, Slovenien, Tjekkiet og Ungarn.  
EØS: Island, Liechtenstein og Norge.

**The Guarantee Fund for Depositors and Investors**  
**PO Box 2082**  
**DK-1013 Copenhagen K**

**Tel. +45 33 14 62 45**

**Mail: [gii@gii.dk](mailto:gii@gii.dk)**  
**[www.gii.dk](http://www.gii.dk)**