

**COMPENSATION SOURCEBOOK (PROTECTED DEPOSITS LIMIT)
INSTRUMENT 2007**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 157(1) (Guidance);
 - (2) section 213 (The compensation scheme);
 - (3) section 214 (General).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 October 2007.

Amendments to the Handbook

- D. The Compensation sourcebook (COMP) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Compensation Sourcebook (Protected Deposits Limit) Instrument 2007.

By order of the Board
28 September 2007

Annex

Amendments to the Compensation sourcebook (COMP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

TP 1.1 Transitional provisions table

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provision	Transitional provision: dates in force	Handbook Provisions: coming into force
...
<u>16</u>	<u>COMP</u> <u>10.2.3R</u>	<u>R</u>	<u>The change to the limit for <i>protected deposits</i> made by the Compensation Sourcebook (Protected Deposits Limit) Instrument 2007 does not apply in relation to a <i>claim</i> against a <i>relevant person</i> that was in <i>default</i> before 1 October 2007.</u>	<u>From 1 October 2007 indefinitely</u>	<u>Amended with effect from 1 October 2007</u>

- 10.2.2 G The limits apply to the aggregate amount of *claims* in respect of each category of *protected claim* that an *eligible claimant* has against the *relevant person*. Consequently, a claimant who has, for example, a *claim* against a *relevant person* for a ~~deposit~~ of £2,000 in connection with *protected investment business* of £30,000, and for a further ~~deposit~~ of £1,500 such *claim* of £20,000, will not receive 100% compensation ~~on both deposits~~ for both *claims*; instead he will receive ~~£3,350~~ £48,000 (100% of the first £2,000 ~~£30,000~~ and 90% of the next ~~£1,500~~ £20,000). Similarly, if a claimant receives more than one payment in respect of a ~~claim~~ *claim* or ~~claims~~ *claims* on one or more *protected contract of insurance*, the claimant will only receive 100% of the first £2,000 of the total paid, and not 100% of the first £2,000 of each payment.

10.2.3 R ...

Type of claim	Level of cover	Maximum payment
...
<i>Protected deposit</i>	100% × first £2,000 90% × next £33,000 <u>100% of claim</u>	£31,700 <u>£35,000</u>