23 July 2026

EBA/CP/2026/15

Consultation Paper

Draft Regulatory Technical Standards

on DGS payouts of client funds deposits under Article 8b(4) of Directive 2014/49/EU

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1. Responding to this consultation

The EBA invites comments on all proposals put forward in this paper and in particular on the specific questions summarised in 5.2.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices the EBA should consider.

Submission of responses

To submit your comments, click on the ‘send your comments’ button on the consultation page by 23.10.2026. Please note that comments submitted after this deadline, or submitted via other means may not be processed.

Publication of responses

Please clearly indicate in the consultation form if you wish your comments to be disclosed or to be treated as confidential. A confidential response may be requested from us in accordance with the EBA’s rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the EBA’s Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the EBA is based on Regulation (EU) 1725/2018 of the European Parliament and of the Council of 23 October 2018. Further information on data protection can be found under the Legal notice section of the EBA website.

2. Executive Summary

Directive (EU) 2026/804 amending Directive 2014/49/EU on deposit guarantee schemes (DGSD3) introduced a clarification in relation to the treatment of client funds. The Directive states that certain financial institutions, including e-money institutions, payment institutions and investment firms, deposit the funds received from their clients in bank accounts, often on a temporary basis, in order to comply with safeguarding obligations. The DGSD3 clarifies that Deposit Guarantee Schemes (DGSs) should protect such deposits in case the credit institution holding such client funds fails, under the condition that those clients are identified or identifiable. Furthermore, the DGSD3 states that in case of bank failure, depending on the type and business model of the financial institution, there might be circumstances when the DGS repaying the client directly instead of repaying funds to the account holder, could endanger that account holder and lead to contagion risks in the financial markets. Finally, the complexities in payouts of client funds deposits including several stakeholders, require careful coordination among the stakeholders to prevent duplicate payouts.

This explicit protection of client funds deposits necessitates harmonised rules to ensure effective depositor protection, operational feasibility for DGSs, and legal certainty for all parties involved. Therefore, Article 8b of DGSD3 mandates the European Banking Authority (EBA) to develop Regulatory Technical Standards (RTS) specifying (i) the technical details related to the identification of clients for the purpose of repayment, (ii) the criteria and circumstances under which repayment is to be made to the account holder or directly to the client, and (iii) the rules to avoid multiple claims for payouts to the same beneficiary.

To fulfil the mandate conferred on the EBA in the DGSD3, the EBA proposes that the draft RTS:

- require credit institutions to ensure they receive accurate and complete client-level information from financial institutions by means of contractual arrangements with those financial institutions or other means permitted under national law, including for stress testing to ensure accurate protection of clients who are beneficiaries of client funds deposits;
- include provisions to ensure that the transmission of personal information from the financial institutions to the credit institutions and then to the DGS, does not create competition issues for the financial institutions or data protection issues for the clients;
- require the transmission of that information to the DGS in accordance with templates and procedures set by the DGS;
- establish the criteria that result in a repayment to be made to the account holder for the benefit of each client, unless specific circumstances apply in which direct repayment to the client is required to ensure adequate depositor protection; and
- establish coordination, communication, and confirmation requirements between the DGS, the financial institution and the relevant body representing the credit institution, to prevent

multiple claims or duplicate repayments to the same beneficiary in the case of bank insolvency.

Next steps

The draft regulatory technical standards will be submitted to the Commission for endorsement following which they will be subject to scrutiny by the European Parliament and the Council before being published in the Official Journal of the European Union. The technical standards will apply from 11 May 2028.

The analysis of the responses of this Consultation Paper will be communicated in due time in the form of a final report. It is planned for the EBA to submit the RTS in Q4 2026.

3. Background and rationale

3.1. Background

1. Directive 2014/49/EU as regards the scope of deposit protection, the use of deposit guarantee schemes funds, cross-border cooperation, and transparency as amended by Directive 2026/804/EU of the European Parliament and of the Council of 30 March 2026 (henceforth 'DGSD3'), was adopted and published in the Official Journal of the European Union on 20 April 2026.

2. The DGSD3 aims to improve the protection for depositors, including by protecting client funds deposits under the condition that those clients are identified or identifiable and meet the eligibility requirements. In that context, client funds deposits are defined in Article 2(a)(20) of the DGSD3 as "funds that account holders that are financial institutions as defined in Article 4(1), point (26), of Regulation (EU) No 575/2013 deposit in the course of their business with a credit institution for the account of their clients". As indicated in the European Commission's proposal for the DGSD3[1], financial institutions that fall under this provision include payment institutions, e-money providers and investment firms, subject to safeguarding requirements including Directive 2009/110/EC of the European Parliament and of the Council (EMD), Directive (EU) 2015/2366 of the European Parliament and of the Council (PSD) and Directive 2014/65/EU of the European Parliament and of the Council (MiFID II).

3. In line with Article 8b(1) of the DGSD3, client funds deposits are protected by the DGS when "a) such deposits are placed on behalf and for the account of clients who are eligible for DGS protection in accordance with Article 5(1), b) such deposits are made on segregated accounts in compliance with safeguarding requirements laid down in Union law regulating the activities of the entities referred to in Article 5(1), point (d) and c) the clients referred to in point (a) of this paragraph are identified or identifiable by the financial institution holding the account on behalf of those clients prior to the date on which a relevant administrative authority makes a determination as referred to in Article 2(1), point (8)(a), or a judicial authority makes a ruling as referred to in Article 2(1), point (8)(b)."

4. The inclusion of Article 8b DGSD3 follows the recommendations that the EBA had included in the Opinion on the treatment of client funds that it had published in October 2021[2]. At the time, the Opinion found that 1) client funds deposits were inconsistently treated among Member States, 2) there was a lack of clarity on whether client funds and other deposits from the same depositor should be aggregated for the purpose of coverage or not, 3) contagion risks exist for the financial

[1] Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2014/49/EU as regards the scope of deposit protection, use of deposit guarantee schemes funds, cross-border cooperation, and transparency

[2] Opinion of the European Banking Authority on the treatment of client funds under Deposit Guarantee Schemes Directive (EBA/Op/2021/11)

institution when the credit institution fails and 4) the data on client funds was unavailable or inaccurate.

5. The DGSD3 addresses issues 1 and 2 directly in Articles 8b(1) and (2), while conferring a mandate on the EBA in Article 8(b)(4) to develop Regulatory Technical Standards (RTS) to address issues 3 and 4 on the contagion risks and unavailability and inconsistency of data. More specifically, the mandate requires the EBA to specify in relation to client funds deposits: "

   (a) the technical details related to the identification of clients for the repayment in accordance with Article 8;

   (b) the criteria under, and the circumstances in which the repayment is to be made to the account holder for the benefit of each client or to the client directly; and

   (c) the rules to avoid multiple claims for payouts to the same beneficiary."

6. To fulfil the mandate in Article 8b(4) of the DGSD3, and in line with the issues identified in the aforementioned EBA Opinion, the EBA has identified the following objectives for the RTS:

   1. Ensure data accuracy with testing to accurately identify the clients for the purpose of payouts and to prevent fraud and contagion;

   2. Identify when the account holders should be reimbursed and when the client should be reimbursed directly;

   3. Provide legal certainty to DGSs when paying out client funds deposits; and

   4. Ensure practically feasible and proportional procedures.

7. In the course of developing the RTS, the EBA sought input from the Banking Stakeholder Group (BSG) and parallel with the public consultation, the European Data Protection Supervisor (EDPS) will be consulted to better understand the risks and burden associated with the requirements. In what follows below, the next section of this Consultation Paper (CP) presents the rationale for the specific policy proposed.

3.2. Rationale

8. In accordance with the mandate and objectives, this section outlines the reasoning how the EBA arrived at the provisions in the RTS and is divided into three parts that match the structure of the RTS, namely:

   (a) the technical details related to the identification of clients for their repayment;

   (b) the criteria under, and the circumstances in which, the repayment is to be made to the account holder or directly to the client; and

(c) the rules to avoid multiple claims for payouts to the same beneficiary.

3.2.1. The technical details related to the identification of clients for their repayment

9. Article 8b(4)(a) mandates the EBA to specify “the technical details related to the identification of clients for their repayment“. In order for client funds deposits to be protected by the DGS, they shall be identified or identifiable by the financial institution (Article 8b(1)(c) DGSD3). In order to protect and repay client funds deposits, DGSs need to receive the identification information of individual clients, as well as information on their eligibility. Credit institutions are therefore required to provide the relevant information to the DGS to enable it to prepare for a payout by verifying the identity and eligibility of depositors. Where clients are not identified or identifiable by the financial institution holding the account on behalf of those clients pursuant to Article 8b(1)(c), the client funds are not covered by the DGS and thus not in scope of this RTS.

10. As financial institutions holding client funds are not themselves subject to direct obligations under the DGSD3, the Directive does not establish a mechanism to ensure that such financial institutions provide the necessary information on their clients to credit institutions. For the same reason, these draft RTS cannot impose requirements directly on those financial institutions either. However, said information is essential to ensure client funds are swiftly repaid in case a credit institution fails.

11. Swift repayment of covered deposits and client funds deposits is necessary in order to protect depositors, preserve stability of the financial system and mitigate contagion risks for financial institutions. Thus, it is in the best interest of the clients, but also the financial institution holding client funds, and the wider financial system. The EBA has therefore arrived at the view that client funds deposits should not be subject to less stringent data availability and data quality requirements or a different level of risk tolerance with regards to data availability compared to other eligible deposits. Accordingly, this CP proposes that the same information requirements apply to client funds deposits as to general deposits and thus, financial institutions and their clients can benefit from swift repayment facilitating the return to business-as-usual following the failure of the credit institution.

12. The DGSD recognises the importance of crisis preparedness by requiring DGSs to conduct regular testing of their resilience, leveraging on existing EBA Guidelines on the stress testing of DGSs. Those Guidelines require that “In principle, all member institutions that have eligible deposits should be subject to regular testing”, including the requirement to test “access to good quality data on credit institutions, depositors and deposits”. In the case of client funds, the financial institutions hold the client information necessary for a repayment. Thus, for the clients and the financial institution to benefit from swift repayment in a real-life case, it is necessary that the DGS occasionally tests access to the data and its quality, to be prepared for a real-life case. Thus, the EBA proposes that the transmission of information from financial institutions is also included in DGS stress testing of the credit institution’s ability to provide the necessary information swiftly and accurately. More specifically, this CP proposes to require financial institution to provide the datapoints as included in the Implementing Technical Standard (ITS) specifying the procedures to be followed and the minimum contents of the information referred to in Article 16a(1) DGSD3, on which the EBA is

consulting in parallel to this CP. Any specific requirements to stress test the procedures for receiving the client information from financial institutions will be established in the EBA Guidelines on the scope, contents and procedures of the stress tests under Article 4(13) of Directive 2026/804/EU, in a proportional manner, recognising that the number of clients or amount per client may vary significantly per client funds deposits account.

13. In that context, the EBA assessed how to ensure that DGSs have the necessary information on client funds deposits to be able to identify clients for the purpose of repayment and preparations for repayment in order to fulfil their mandate under the DGSD3 to protect client funds deposits. The only option the EBA could identify is to require credit institutions to ensure that financial institutions are obliged to transmit the relevant client information necessary for DGS payouts and stress testing, and Article 1 of the draft RTS has been worded accordingly. The draft RTS propose to require them to do so by including in their (new and existing) contractual agreements with financial institutions holding client accounts for safeguarding purposes a clause obliging the transmission of the relevant client information from the financial institution to the credit institution. In some jurisdictions, national law may directly require financial institutions to transmit the relevant information to the credit institution, or may impose an obligation on credit institutions to ensure receipt of that information through a specific means. In such cases, credit institutions are not required to include all the obligations as outlined in Article 1 of the draft RTS in their contractual arrangements with financial institutions holding client accounts. This approach ensures that the draft RTS do not create an unnecessary burden on credit institutions when an appropriate mechanism already exists. The EBA proposes to let the RTS apply from the date equal to the implementation deadline of the DGSD3, in order to allow national legislators to create an obligation for the transmission of information in their national law. Furthermore, to clarify the eligibility of a client funds deposits account for DGS protection in accordance with the requirements laid down in the DGSD,, the contractual agreement should also require the financial institution to inform the credit institution on the type of authorisation it holds. This information will help the credit institution to correctly mark client accounts in their systems. When credit institutions do not comply with the requirements, the CP proposes to leverage on Article 4(4) DGSD3, covering cases in which a credit institution is not compliant with its obligations under the DGSD and subsequent consequences. In the case that the financial institution does not comply with the requirements related to the identification of their clients, the CP proposes for the credit institution to inform the DGS and for the DGS to inform the Deposit Guarantee Scheme Designated Authority and the competent authority supervising the financial institution.

14. Next, the EBA assessed to what extent the RTS should formulate the procedures and templates for the processing of client information and for the transmission of that data to the DGS and arrived at the view that this should be done in accordance with the rules set by the DGS, in order to not increase the burden and adjust DGS's procedures that work well. Furthermore, by not specifying exact procedures for the credit institutions to process the data, flexibility is left to the credit institution to agree with the financial institution on the most appropriate procedures with which the credit institution would ultimately comply with the rules set by the DGS. Therefore, the CP proposes that for the purpose of the submission of information from the credit institution to the DGS, the credit institution should use a template and follow the procedures as set by the DGS.

15. To ensure justified processing of personal data in compliance with Regulation (EU) 2016/679 (GDPR) and to limit the burden on the financial institution, the CP proposes that credit institutions are allowed to request the transmission of information from the financial institutions only for the purpose of a DGS intervention, or for the purpose of stress testing of DGS systems in compliance with the requirements set out in Article 4(10) DGSD3, which includes testing the accuracy of the client information and eligibility assessment submitted by credit institutions.

16. Furthermore, GDPR establishes the principle that personal data must not be processed for purposes incompatible with those for which the data were originally collected and transmitted. Thus, credit institutions are prohibited from using personal client information obtained through the application of this draft RTS for any other purpose than compliance with its obligations under the DGSD. This might be of importance, especially for financial institutions that carry out activities similar to those of a credit institution, who might be reluctant to transmit information to the credit institution for stress testing purposes, as this requires them to share data relating to their client base with a credit institution that may have a business interest in the same client base.

17. In addition to the compliance with the GDPR for the processing of personal data, to further protect personal information and the business interests of financial institutions, and thus to prevent competition concerns arising from the transmission of data, the CP proposes that the RTS should require credit institution to delete the data as soon as it is no longer required for stress testing purposes.

18. The EBA assessed different approaches to further limit the transmission of sensitive data which would become accessible to competitors, including the transmission of anonymised data or a sample of data, but arrived at the view that the simplest and most effective way to stress test the procedures suitable to the DGS is to require to transmit the full set of data to the DGS. The EBA arrived at the view that otherwise the RTS would need to specify a sampling methodology which could potentially lead to higher burden for financial institutions as they would need to implement a sampling methodology. In addition, testing anonymised data might not be sufficiently effective for some DGSs, while still placing a burden on financial institutions to transmit their data. Nonetheless, the EBA arrived at the view that the Guidelines on the stress testing of DGSs allow the possibility for the DGSs to require institutions to submit sample data, and are silent on the possibility of anonymisation. Therefore these RTS should not restrict such possibilities. In addition, the EBA arrived at the view that, in order to strike a balance between hiding sensitive data and

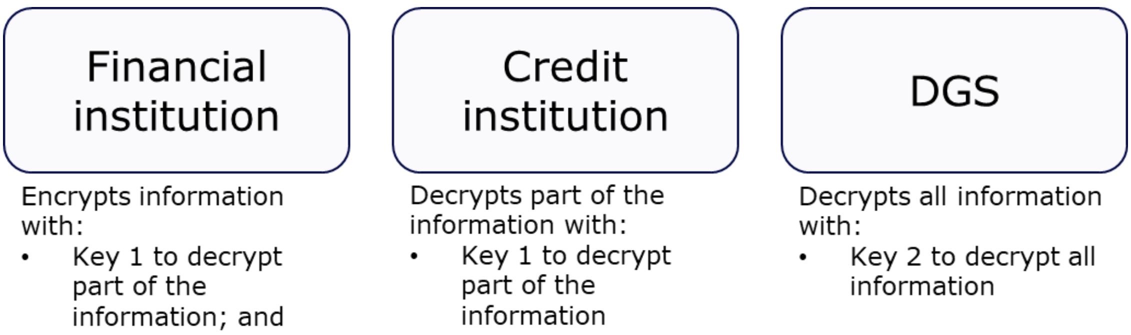

Figure 1 Example of potential use of encryption, concealing part of the information for credit institutions

achieving the protection of clients and prevention of contagion of the financial institution, some data can be concealed from the credit institution, and still allow the credit institution to assess whether the transmission is complete and accurate before it transmits the information to the DGS. For this reason, the CP proposes in Article 1(4) of the draft RTS to require credit institutions to allow financial institutions to transmit data in a concealed form, such that part of the data is not decryptable for the credit institution when they receive it for stress testing purposes. The draft RTS further proposes that such transmission shall only conceal either the amount held per client or the information enabling contacting the client. However, the draft RTS does not allow this option in case of the financial institution transmitting the data in the context of a real bank failure scenario, since competition issues are not present if the credit institution has failed. Furthermore, the draft RTS does not allow applying this option when an obligation to transmit the client information already exists under national law. Notwithstanding the above, the CP proposes the draft RTS to always allow a financial institution to choose to transmit the full set of information in a form that is fully decryptable and thus accessible to the credit institution, including where it carries out activities comparable to those of the credit institution.

19. The CP does not prescribe specific procedures for financial institutions to conceal specific datapoints but leaves flexibility to the DGSs to determine which procedures can be used, because in order to prepare for a DGS payout in either a stress test or a real payout scenario, it is important that the DGS can always decrypt and access the full set of information. An example of how such a procedure could work in practice is presented in Figure 1: a financial institution transmits an encrypted data file, which can be decrypted by the credit institution with a certain key. This key decrypts the file while keeping some of the datapoints concealed (i.e. partial decryption), making it readable and allowing validation of its structure and completeness. Full access to all the data would only be possible by applying a second key, held exclusively by the DGS (for example through the use of Rivest–Shamir–Adleman (RSA) encryption or direct communication between the DGS and the financial institution), which decrypts the remaining protected fields. The proposed CP leaves flexibility for different procedures such as the submission of two different files from the financial institution to the credit institution, including one with certain datapoints concealed which is readable for the credit institutions and a second one without concealed datapoints that only the DGS could access, or direct transmission to the DGS only were the DGS deems that more efficient and effective in terms of receiving complete and accurate information.

20. It is essential for the DGS to swiftly receive all necessary information, in the format and under the procedures determined by the DGS, to achieve the objectives of contagion prevention and depositor protection Therefore, the CP proposes for the RTS to require that the credit institution, upon receiving the information for the test exercise or initiation of the repayment process, transmits the client data to the DGS without undue delay, enabling the DGS to verify the data accuracy. If the financial institution has submitted incorrect or incomplete data, or the DGS receives the data in a format different than required by the DGS, the CP proposes for the RTS to require the credit institution to ensure that either itself or the financial institution promptly corrects it.

Q1: Do you have comments on Articles 1 and 2 of the draft RTS, in particular their suitability for the identification of clients for the purpose of repayment in accordance with Article 8 DGSD3?

Q2: Do you have any specific comments on the burden of sharing information in going concern, while still allowing DGSs to prepare for DGS payouts in order to protect clients and prevent contagion of the financial institution?

3.2.2. The criteria under, and the circumstances in which, the repayment is to be made to the account holder or directly to the client

21. Article 8b(4)(b) DGSD3 mandates the EBA to specify "the criteria under, and the circumstances in which the repayment is to be made to the account holder for the benefit of each client or to the client directly". Furthermore, recital 18 states that "Depending on the type and business model of the financial institution, there might be circumstances where repaying the client directly could endanger the account holder. Therefore, DGSs should be able to repay amounts to a client account opened by the account holder in another credit institution for the benefit of each client when certain criteria are met."

22. Given the above, the EBA assessed what should be the focus of the RTS when specifying the criteria and the circumstances for the payout method and arrived at the view that protecting clients against the consequences of the insolvency of a credit institution should be the primary focus, and that the prevention of the endangerment of the account holder should be the secondary focus.

23. Therefore, the EBA assessed first when a client's protection would not be ensured in the case of repayment to the account holder, because the account holder cannot or does not restore the client's amount as compensated by the DGS. These situations include cases where the account holder is insolvent, subject to restrictive measures, or where repayment to the financial institution is suspended for any other reason; where the financial institution cannot meet its financial obligations and has already failed to do so at the time of the credit institution's failure; where the supervisor of the financial institution identifies a risk of fraud or administrative mismanagement; where the financial institution is not compliant with anti-money laundering requirements; or where any other circumstance creates a risk that the client may not receive its compensation or have the protected amounts restored. In these situations, the repayment shall be made directly to the client.

24. In addition, where the national competent authority supervising the financial institution confirms that it has not identified a risk of contagion, the repayment may also be made directly to the client if the DGS decides it to be thefastest payout method. Finally, where the DGS cannot meet its repayment deadline because the financial institution has not provided the payment details of a client account with another credit institution to receive the compensation, or has provided them too late for the DGS to meet the payout deadlines set forth in the DGSD, the DGS will be required also pay out directly to the client in order to effectuate a payout in line with the DGSD.

25. Secondly, the EBA assessed that a repayment to the client directly could endanger the account holder via different channels. First, financial institutions holding a segregated account for client funds deposits use those funds to pursue their investment or payment services. The unavailability of client funds deposits as a result of the credit institution holding them having failed, could therefore endanger the business continuity of the financial institution for financial reasons when it results in a lack of fee income. Direct repayment to clients could further exacerbate this risk, as it is likely to delay the availability of the funds to the financial institution. In such cases, clients would first need to receive the funds from the DGS and subsequently reinstate their position with the financial institution. Moreover, there is a risk that the temporary unavailability of client funds due to the failure of a credit institutions may lead the clients to conclude that the financial institution was not safeguarding their funds effectively and may choose to break the business relationship with the financial institution. In this case, clients ultimately do not reinstate their position at all, which would result in a permanent loss of income for the financial institution.

26. Such business continuity risks with a reputational character may even occur beyond the client base of the financial institution, for example when a firm has many small retail clients and the impact on them appeared in the media such that there is a shock to retail clients of other firms as well. Finally, it should be noted that when an account holder is endangered, it also is advantageous for the client to prevent contagion, as a failure of the financial institution would also harm the client.

27. A repayment to the account holder would not only mitigate potential business continuity risks because the payout is likely to be swifter. It would also ensure a smoother experience for clients, because the failure of the credit institution and the subsequent DGS payout would not require any action on their part to continue using the services of the financial institution, such as reinstating their funds position.

28. The EBA assessed whether it is possible for the DGS to decide on the extent to which the account holder would be endangered by a repayment directly to the client and concluded that the risk depends on numerous factors. These factors include the range and type of services provided by the financial institutions, the significance of client funds related activities for the financial institution's income, the timing of fee collection in relation to the date of the credit institution's failure and the degree to which the financial institution has diversified its methods to safeguard client funds. All these factors are difficult to assess on the basis of information available to the DGS. Furthermore, the EBA took into account that the DGS has to identify the most appropriate approach to the repayment of clients within a very short timeframe, which may not allow for detailed and complex assessment of the business continuity risks associated with specific business model of the financial institution, considering also that the DGS will be in a payout process in which all other depositors of the failed bank should be reimbursed promptly.

29. Taking the above-mentioned factors into account, the EBA arrived at a view that risk assessment models or listing criteria and circumstances for both payout methods would result in complex assessments for the DGS at the time of payout and would not provide ex-ante clarity on the applicable payout method. Therefore, the CP proposes that Article 3 of the draft RTS requires the DGS to make the repayment of client funds to the account holder, unless the applicable criteria and

circumstances as set out in draft Article 3 points (a) to (h) point out that doing so would not ensure adequate depositor protection.

30. Because of the limited information available to DGSs, the draft RTS require the DGSs to base the payout method on the assessment of the criteria by the competent authorities supervising the financial institutions. The CP proposes to build on Article 14(6) DGSD for those supervising authorities to inform the DGSs of the risks associated with repayments to the account holder, which could potentially harm the clients. Albeit outside of the scope of this draft RTS, the DGSs therefore need to establish procedures with the relevant competent authorities for the purpose of effective cooperation. This would not only serve the purpose of providing information to the DGS, but would also ensure the relevant competent authority supervising the financial institution is aware of the potential risk that is caused by the failure of the credit institution where the financial institution held its client funds deposits. The EBA is of the view that if in the future, real-life experiences show that there is a need to harmonise further the procedures for the cooperation between the DGSs and the relevant competent authorities, the EBA may issue further guidance specifying such procedures. Furthermore, the EBA is aware that cross-border cases where the financial institution safeguards deposits with a credit institution supervised by the authorities in another Member State can pose further difficulties for the cooperation between the DGS and the relevant competent authorities. EBA proposes to consider potential complexities in cross-border cooperation in relation to client fund in the course of updating existing guidelines on cooperation agreement between DGSs as per the mandate in Article 14(9) of the DGSD3.[3]

Q3 : Do you have comments on the proposals in Article 3 on the criteria under, and the circumstances in which, the repayment is to be made to the account holder for the benefit of each client or to the client directly?

3.2.3. The rules to avoid multiple claims for payouts to the same beneficiary

31. Article 8b(4)(c) mandates the EBA to specify "the rules to avoid multiple claims for payouts to the same beneficiary." And recital 18 explains: "To avoid the risk of double payment in those situations, any claims clients have in relation to sums held on their behalf by the account holder should be reduced by the amount repaid by the DGS to those clients directly."

32. With that in mind, the EBA assessed how the risk of multiple claims arises and arrived at the view that it may do so for several reasons and in both the direct and the indirect payout method. Firstly, a client might submit claims to multiple parties either to ensure repayment, due to lack of awareness of the correct procedure, or in the hope of receiving compensation twice. Secondly, when the repayment is made to the account holder, a depositor may ultimately not receive its compensation, for example due to fraud or administrative mismanagement by the financial institution, and still try to receive their funds from the DGS.

[3] EBA-GL-2016-02 (Final report on GL on DGS cooperation agreements).pdf

33. These potential legal complexities arise from the fact that the DGS is responsible for protecting clients against the loss of funds deposited with a credit institution, while the client typically holds a claim against the financial institution (although, in some cases, national legislation may establish a claim against the credit institution). The financial institution, in turn, generally holds a claim against the credit institution.

34. The EBA assessed how to address the above-mentioned risks and arrived at the view that it should be ensured that the DGS, the relevant financial institutions and the liquidator share consistent information on the submitted and repaid claims. In order to achieve that, the CP proposes for Article 4(1) of the draft RTS to require the DGS to communicate with the liquidator and the relevant financial institutions to inform them about the payout method the DGS will pursue. To further mitigate the risk of double repayment, the same Article proposes that the DGS initiates the repayment only after receipt of acknowledgement that the financial institution received the communication of the payout method. In the case of direct repayment, that acknowledgement from the financial institution to the DGS should also include an overview of claims which are already fulfilled by the financial institution. Furthermore, the DGS will be required to provide evidence of the repayment made to the financial institution in the case of direct repayment and, when the client requests so in a situation of repayment to the account holder, to the client.

Q4: Do you have any comments on the proposed Article 4, in particular to avoid multiple claims for payouts to the same beneficiary?

Q5: Do you have comments on the proposed application date of 24 months after entry into force?

Q6: Do you have any other comments on the proposed RTS?

4. Draft regulatory technical standards

COMMISSION DELEGATED REGULATION (EU) …/…

of XXX

supplementing Directive 2014/49/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the technical details related to the identification of clients of financial institutions for the repayment under the deposit guarantee schemes, the criteria and the circumstances for repayment to the account holder or to the client directly, and the rules to avoid multiple claims for payouts to the same beneficiary

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,
Having regard to Directive 2014/49/EU of the European Parliament and of the Council of 16 of April on deposit guarantee schemes[4], and in particular Article 8b(4), fourth subparagraph, thereof,
Whereas:

(1) Directive 2014/49/EU ensures protection of client funds deposits that meet the conditions in the Directive, irrespective of the business model of the financial institution depositing such client funds with a credit institution. In order to prepare the repayment of client funds deposits in accordance with the Directive, deposit guarantee schemes (DGSs) need to have timely access to accurate information that would enable them to verify the identity of the underlying clients, examine the claims and verify that eligibility for repayment is met, applicable to all client fund deposits that meet the conditions of the Directive. Therefore, credit institutions, providing the client accounts to financial institutions, should obtain that information from the financial institutions that hold those accounts for covered client funds deposits and provide that information to the DGSs. Where national law does not already ensure the transmission or availability of this information to the credit institutions, the credit institutions should ensure compliance with the obligations through their contractual arrangements with the financial institutions holding client funds deposits, or by another means permitted under national law.

(2) For the effective protection of client funds deposits, the information necessary to identify clients and determine the corresponding eligibility and covered amounts should be transmitted in an encrypted and machine readable format that enables credit institutions to fulfil their obligations and allows DGSs to verify the completeness and accuracy of the information and eligibility markings. Where any inaccuracies or deficiencies are detected, the credit institutions should ensure that such information is

[4] *OJ L 173, 12.6.2014, pp. 149–178,* http://data.europa.eu/eli/dir/2014/49/oj

rectified without undue delay in order to safeguard the interests of the account holder and their underlying clients.

(3) DGSs are required to carry out stress tests in order to assess and enhance the resilience of their systems. For the purpose of testing the full procedures and enhancing the protection of depositors or clients, the DGS should have access to the relevant information for all depositors, including those on whose behalf client funds deposits are held. More resilient procedures would benefit both clients and financial institutions, as the swifter a payout can be performed, the lower the business continuity risks for the financial institution arising from the credit institution's failure. It is therefore essential that information enabling the eligibility assessment and identification of depositors on whose behalf client funds are held is transmitted not only for DGS payouts, but also for the purpose of stress testing.

(4) Where financial institutions hold client funds deposits and carry out activities similar to those of credit institutions with which they have opened a segregated client funds deposits account, the transmission of detailed client-level information for stress testing purposes may raise concerns related to commercial sensitivity. In order to facilitate effective stress testing while addressing such concerns, credit institutions should allow, solely for the purpose of stress testing and when the information is not yet available to the credit institution under national law, the transmission of information including certain datapoints which are concealed such that it cannot be decrypted by the credit institution. This does not relieve the credit institution from complying with data protection provisions stemming from Regulation 2016/679/EU.

(5) Since the credit institutions should be able to assess the eligibility of financial institutions' clients on whose behalf the account is opened and since the DGS should be able to verify the data accuracy and prepare for a repayment, credit institutions should ensure that concealing datapoints that cannot be decrypted by them is subject to certain conditions. The concealed information should only cover either the amount held on behalf of a single client while the aggregate amount of client funds deposits held remains available, or the contact details that would allow the credit institution to reach out to the client. Furthermore, the information should be accessible and thus decryptable by the DGS and should therefore be transmitted in the format and under the procedures prescribed by the DGS.

(6) The transmission of information relating to client funds deposits under this Regulation involves the processing of personal data that is necessary to comply with the obligations laid down in Directive 2014/49/EU, and to protect the vital interests of the data subject or of another natural person. To protect the clients and safeguard the financial institution's commercial interest, the credit institutions should not retain the information for longer than is necessary for a stress testing exercise.

(7) Financial institutions holding client fund deposits can be endangered by a credit institution's failure. The temporary unavailability of the client funds deposits the financial institution holds on behalf of its clients may disrupt its business continuity, as the funds are needed for the execution of their payment or investment services and the collection of their income. The risks that may materialise include not only financial risks but also reputational risks if clients associate the loss of their funds with a failure of the financial institution itself. These risks could be mitigated when the DGS makes the repayment to the account holder. That repayment method might allow a swifter

repayment process and prevent disruption to the relationship between the financial institution and its clients. In addition, it would not require clients to take any action to redeposit their client funds and could, in some cases, even go unnoticed, thereby further limiting potential reputational effects. A temporary unavailability of client funds does not automatically result in business continuity risks for all business models of financial institutions, but depends on numerous factors and thus may vary per type of financial institution, and for each specific case. Thus, the assessment of business continuity risks for each case is complex and the DGS would not be able to obtain sufficient information to make the assessment under the time pressure of a payout case. Therefore, where repaying the account holder is not restricted and there are no reasons to assume the client is not well protected when the aggregate amount of covered client funds deposits is reimbursed to the financial institution holding the client funds deposits, that payout method should be used for all types of financial institutions.

(8) Nonetheless, there might be circumstances in which the DGS cannot guarantee that the depositor would be accurately protected if the repayment is made to the account holder. The DGS should therefore liaise with the competent authorities supervising the financial institution on any relevant criteria or circumstances which indicate such conditions impacting the client's protection. The criteria and circumstances include situations where the account holder's account is suspended, where there is a risk that the financial institution does not restore the client's claim following repayment by the DGS, where the financial institution does not provide the DGS with details of a segregated account to make the repayment to, or where no risk of endangering the financial institution has been identified and the DGS considers that direct repayment to the client would be the fastest method to make the repayable amount available to the clients.

(9) However, DGSs are not in a position to assess all circumstances relevant to determining the appropriate payout method. In particular those relating to the financial situation, governance arrangements or regulatory compliance of financial institutions holding client funds deposits. The competent authorities supervising those financial institutions are therefore better placed to provide the DGS with their conclusions on the basis of their latest supervisory assessments or latest available information. The DGS should request the relevant information from the competent authority pursuant to Article 14(6) of Directive 2014/49/EU, under its own procedures. Where the competent authority does not provide the DGS with the relevant information related to the aforementioned criteria within a reasonable timeframe, the DGS should conclude that the conditions for the criteria to apply are not met.

(10) To prevent multiple claims or duplicate repayments in respect of the same client funds deposits, financial institutions holding client funds deposits should refrain from making repayments to clients when the DGS has compensated those clients directly, and adjust their records accordingly. It is therefore necessary that the payout method determined by the DGS is communicated to the relevant financial institution, and the relevant body representing the credit institution. Providing this information also to the relevant body representing the credit institution helps to prevent duplicate repayments of the same claim at the stage of the winding-up of the credit institution. In addition, in order to further prevent lack of transparancy and increase legal certainty for all parties, the DGS should be able to provide evidence to the financial institution and to the client, about which clients and which amounts have been compensated. As the

financial institution may receive claims from clients simultaneously with the DGS, and legal provisions might require the financial institution to fulfil the claims out of their own funds, the DGS should aim to initiate repayments only after the financial institution has acknowledged receipt of that communication. In the case of direct repayments, such acknowledgement should include an overview of the claims the financial institution has already fulfilled after the credit institution's failure

(11) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Banking Authority.

(12) The European Banking Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council[5],

HAS ADOPTED THIS REGULATION:

Article 1

Technical details related to the identification of clients for the repayment with regards to the transmission of information by the financial institution to the credit institution

1. For the purposes of the identification of clients and the verification of eligibility for the repayment in accordance with Article 8 of Directive 2014/49/EU the technical details set out in this Article shall apply.

2. The credit institution shall ensure that newly issued and existing contractual arrangements, or any other means permitted by national law, between a financial institution holding client funds deposits and the credit institution include the obligation for the financial institution to:
   (a) confirm whether the account is used for safeguarding client funds;
   (b) transmit upon request of the credit institution, to the credit institution, the minimum required information referred to in [Article 1 of the ITS on information exchange under Art. 16a(7)] in relation to Article 16a(1) of Directive 2014/49/EU in relation to its clients holding client funds deposits and other information the DGS deems necessary to fulfil its mandate, including rectifications and resubmissions when the DGS or the credit institution concludes that the information is inaccurate or incomplete;
   (c) inform upon request of the credit institution, to the credit institution, whether the transmission includes clients for whom the financial intelligence unit referred to in Article 24 of Directive (EU) 2024/1640 has suspended a

5 Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331 15.12.2010, p. 12).

transaction, account or business relationship related to the concerned depositor and informed the financial institution thereof;

(d) inform upon request of the credit institution, to the credit institution, for which services and activities the financial institution is authorised.

3. The credit institution shall ensure to receive the information referred to in paragraph 2 such that:
   (a) the transmission is encrypted and can be decrypted by the credit institution and the DGS, following the procedures as determined by the DGS;
   (b) the transmission is machine readable;
   (c) the requirements necessary to enable the credit institution to fulfill its obligations under Directive 2014/49/EU, national rules and the procedures, format and templates required by the DGS are complied with; and
   (d) the transmission is rectified and resubmitted when the DGS or the credit institution concludes that the information is inaccurate or incomplete.

4. By way of derogation from paragraph 3(a), the credit institution shall ensure that the financial institution is allowed to transmit in a format that is not decryptable for the credit institution, either the amount of client funds deposits held on behalf of a single client or the client's contact details, including datapoints which allow contacting individual clients, excluding names, only if:
   (a) all other requested information is made available to the credit institution following the procedures as determined by the DGS;
   (b) that information is not yet available to the credit institution pursuant to national law;
   (c) the credit institution or an entity within the same group is authorised to pursue the same services or activities as the financial institution;
   (d) the financial institution follows the procedures as determined by the DGS and by which the DGS is able to decrypt all the information; and
   (e) the credit institution is not failing or likely to fail.

5. By way of derogation from paragraph 1, the requirements as set out in this Article shall not apply to the credit institution, when national law already directly imposes the requirements on financial institutions to comply with the obligations for the identification of clients and the verification of their eligibility for repayment in accordance with Directive 2014/49/EU to the credit institution and which the credit institutions shall include in the contractual agreement and are listed in this Article or when national law already directly imposes the requirement to share all information required under Article 1 paragraph 2 directly with the DGS.

6. The credit institution shall inform in writing the DGS without undue delay when the financial institution has failed to submit the relevant information or when it has failed

to rectify and resubmit the transmission when the information was inaccurate or incomplete.

7. The DGS shall inform the designated authority and the competent authority supervising the financial institution in writing, when the DGS becomes aware that the financial institution has failed to submit the relevant information or when it has failed to rectify and resubmit the transmission when the information was inaccurate or incomplete in such a way that the credit institution is unable to comply with its obligations stemming from Article 16a(1) of Directive 2026/804/EU and [ITS on information exchange under Article 16a(7)], such that the credit institution is not able to transmit the relevant information to the DGS.

Article 2

Technical details related to the identification of clients for the repayment with regards to processing and deleting of information by the credit institution

1. The credit institutions shall transmit to the DGS the information referred to in Article 1 without undue delay and within the timeframe required by the DGS, in a format prescribed by the DGS.
2. Where the credit institution, the DGS, the designated authority, or any party concludes that the information transmitted is inaccurate or incomplete, the credit institution shall, without undue delay, take measures to ensure that a rectification and resubmission of the data by the financial institution in a complete and accurate manner is facilitated.
3. The credit institution shall keep the information referred to in Article 1 paragraph 2 received from the financial institution until the end of the stress testing exercise plus five working days for the purpose of complying with the obligations under Directive 2014/49/EU.

Article 3

Criteria and circumstances in which the repayment is to be made to the account holder for the benefit of each client or to the client directly

1. The DGS shall make the repayment to the account holder for the benefit of each client, except where at least one of the following conditions are met, in which case the DGS shall make the repayment to the client directly:

(a) the account holder is insolvent or has lost its authorisation as a financial institution after the determination or ruling referred to in point (8) of Article 2(1) of Directive 2014/49/EU in relation to the credit institution;

(b) the account holder is subject to Union restrictive measures as referred to in Article 8(5a) DGSD3or to national restrictive measures;

(c) the repayment to the account holder is suspended in case of concerns about money laundering or terrorist financing for the financial institution in accordance with Article 8c of Directive 2014/49/EU;

(d) the relevant competent authority supervising the financial institution informs, on the basis of the latest available information, the DGS that the financial institution is unable to meet its financial obligations and that there remains a high risk of insolvency even following the receipt of the repayment;

(e) the relevant competent authority supervising the financial institution informs, on the basis of the latest available information, the DGS that the competent authority's assessment of the financial institution's internal governance and institution-wide controls indicates circumstances suggestive of fraud, administrative mismanagement or any finding implying a high risk that clients would not receive the compensation or be accurately protected, if the DGS were to make the repayment to the account holder;

(f) the relevant competent authority supervising the financial institution informs, on the basis of the latest available information, the DGS that the financial institution is not compliant with its obligations under Regulation (EU) 2024/1624;

(g) the relevant competent authority supervising the financial institution informs, on the basis of the latest available information, the DGS that the financial institution is not endangered by the failure of the credit institution in which the client funds deposits are deposited on the basis of the relevance of the client funds deposits held at the failed bank for the business continuity of the financial institution and the DGS considers a repayment made to the client is the fastest payout method;

2. The DGS shall make the repayment directly to the clients, if the financial institution, even upon request of the DGS, did not provide the DGS with the account details of a segregated account to which the repayment to the account holder could be made within the deadline referred to in Article 8(3) of Directive 2014/49/EU.
3. In order to conclude whether the conditions in points (d), (e), (f) and (g) in paragraph 1 are met, the DGS shall request information from the relevant competent authorities supervising the financial institution.

Article 4

Rules to avoid multiple claims for repayment to the same beneficiary

1. The DGS shall communicate the payout method as determined per Article 3 of this Regulation, per financial institution, without undue delay to the concerned financial institutions holding client funds deposits, as well as to the relevant body representing the credit institution.
2. The DGS shall initiate the repayment within the deadline set out in Article 8(3) of Directive 2014/49/EU and after the financial institution concerned has acknowledged receipt of the communication referred to in paragraph 1. In the case of direct repayment the acknowledgement shall be accompanied by an overview of the claims

the financial institution has already fulfilled after the credit institution's failure. In the absence of such a receipt of confirmation at least 5 working days before the deadline set in that Article, the DGS may initiate the repayment without confirmation of receipt.

3. When the repayment has been made directly to the clients, the DGS shall provide evidence to the financial institution of the amounts repaid per client.
4. When the repayment has been made to the account holder for the benefit of each client, the DGS shall be able to provide evidence of the repayment of the covered amount for a specific client upon request of the client concerned.

Article 5

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union.*

It shall apply from 11 May 2028.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President

5. Accompanying documents

5.1. Draft cost-benefit analysis / impact assessment

As per Article 10(1) of Regulation (EU) No 1093/2010 (EBA Regulation), any Regulatory technical standards developed by the EBA shall be accompanied by an Impact Assessment (IA), which analyses 'the potential related costs and benefits'.

This analysis presents the IA of the main policy options included in this Consultation Paper on the draft Regulatory Technical Standards on DGS payouts of client funds deposits under Article 8b(4) of DGSD3 ('the draft RTS'). The analysis provides an overview of the identified problem, the proposed options to address this problem as well as the potential impact of these options. The IA is high level and qualitative in nature.

A. Problem identification and background

Directive (EU) 2026/804 (DGSD 3) was adopted and published in the Official Journal of the European Union on 20 April 2026 and aims to improve the protection for depositors, including by protecting client funds deposits (defined as *"funds that account holders that are financial institutions as defined in Article 4(1), point (26), of Regulation (EU) No 575/2013 deposit in the course of their business with a credit institution for the account of their clients"*) under the condition that those clients are identified or identifiable. In this regard, Article 8b of the DGSD3 confers a mandate on the EBA to develop draft regulatory technical standards to specify : *"(a) the technical details related to the identification of clients for repayment in accordance with Article 8; (b) the criteria under and circumstances in which repayment is to be made to the account holder for the benefit of each client or to the client directly; (c) the rules to avoid multiple claims for payout to the same beneficiary."*

B. Policy objectives

The draft Regulatory Technical Standards on DGS payouts of client funds deposits under Article 8b(4) of DGSD3 aims at specifying the technical details related to the identification of clients for repayment, the criteria under and circumstances in which repayment is to be made to the account holder for the benefit of each client or to the client directly, and the rules to avoid multiple claims for payout to the same beneficiary.

C. Options considered, assessment of the options and preferred options

Procedures and templates for sharing client information with DGSs

The EBA has assessed how best to structure the procedures and templates for processing client information and transmitting it to DGSs. In this regard, two options were considered:

Option 1a: Formulating completely new specific procedures and templates for the processing of client information and for the transmission of that data to the DGS.

Option 1b: Aligning the procedures and templates, for the processing of client information and for the transmission of that data to the DGS, with the rules set by the DGS.

Formulating new procedures and templates (Option 1a) could allow for greater standardisation across jurisdictions, potentially reducing discrepancies in how client data is handled. However, this approach would impose additional compliance burdens on credit institutions and financial institutions, requiring them to adapt to new frameworks while potentially duplicating existing DGS procedures that already function effectively. Such a change could also lead to unnecessary complexity, particularly where national laws already mandate specific data-sharing mechanisms.

On the other hand, aligning procedures and templates with the rules set by the DGS (Option 1b) minimises operational disruption by leveraging established systems that are already compliant with DGS requirements. This approach preserves flexibility, allowing credit institutions and financial institutions to agree on the most efficient methods for data processing while ensuring adherence to DGS rules.

Based on the above, **Option 1b has been chosen as the preferred option**, and the draft RTS will align the procedures and templates, for the processing of client information and for the transmission of that data to the DGS, with the rules set by the DGS.

Approach for sharing client information for stress testing

The EBA evaluated three potential policy approaches to ensure that financial institutions provide credit institutions with all the data necessary to conduct stress tests mirroring what these institutions would be required to provide in real life bank failures:

Option 2a: Financial institutions submit only the client information of a sample of clients to credit institutions for DGS stress tests.

Option 2b: Financial institutions submit anonymised client information to credit institutions for DGS stress tests.

Option 2c: Financial institutions submit the full set of client information (all datapoints as included in the SCV file) to credit institutions for DGS stress tests.

Adopting Option 2a would potentially reduce the risk of unlawful processing of client information by limiting the transmitted dataset to a representative sample. This approach could lower compliance costs while still allowing DGSs to test procedural robustness - provided the sample is statistically sound. However, reliance on partial data risks undermining the accuracy of stress tests, as errors in client identification or eligibility may go undetected until a real payout scenario.

Additionally, defining and validating a representative sampling methodology could itself create operational complexities, offsetting any efficiency gains.

Option 2b addresses competition concerns by anonymising client data, ensuring credit institutions do not access commercially sensitive information. Yet, anonymisation limits the DGS's ability to fully validate data accuracy or test end-to-end payout procedures. Critical checks - such as verifying client eligibility or contact details - would still need to be performed ad hoc during a failure, risking delays and undermining the primary goal of depositor protection.

Concerning Option 2c, this approach ensures DGSs can rigorously test data accuracy, eligibility assessments, and payout procedures in advance, preventing fraud, and enabling swift reimbursements. Crucially, real-life payouts demand complete data; stress tests must mirror this reality to be effective. Then, while competition concerns were raised, the EBA concluded these are mitigated by existing regulatory safeguards (e.g., GDPR compliance, data deletion post-testing, and partial concealment of sensitive fields).

Based on the above, **Option 2c has been chosen as the preferred option**, and the draft RTS will include that financial institutions should submit the full set of client information to credit institutions for the purpose of DGS stress tests. However, the RTS does not prevent the DGS to require a full set of information for a sample of clients or anonymised information.

Criteria and circumstances to determine the payout method

The draft RTS must specify the criteria and circumstances under which a DGS should repay covered deposits either to the account holder (in an account opened for the benefit of each client in another credit institution) or directly to the client. The EBA considered two options in this regard:

Option 3a: Not specifying in the RTS a default option for the payment method, instead defining criteria for each method.

Option 3b: Setting, in the RTS, the payment towards the account holder (in an account opened in another credit institution for the benefit of each client) as the default option, while specifying criteria and circumstances for direct payouts to clients.

Under Option 3a, the absence of a default option would allow DGSs to tailor the payout method to the specific case, ensuring flexibility where neither depositor protection nor account holder stability is at risk. However, this flexibility could introduce legal uncertainty and expectations cannot be formed upfront, as DGSs would need to assess the risks associated with either of the payout methods ad hoc during a payout event – limiting timely decisions when time is critical. Such an assessment is complex and requires information on a variety of factors, which DGSs don't have access to themselves. The lack of ex-ante clarity might also lead to inconsistent outcomes across jurisdictions, undermining harmonisation and predictability for both DGSs and market participants.

On the other hand, Option 3b prioritises legal certainty and operational efficiency by establishing a clear priority by default: repayment to the account holder, unless specific risks to client protection arise. In this case, the DGS does not have to assess the business continuity risks associated with the relevant financial institution and it is therefore the simplest method. Importantly, it also addresses the risk of endangering the financial institution following the credit institution's failure. The EBA is of the view that it cannot be excluded upfront that a type of financial institution is not endangered. Therefore, setting the repayment to the account holder as the default option, mitigates this risk for all financial institutions to the maximum extent, by reducing reputational and financial risks for the financial institution and have a simple and potentially quick assessment in place. In addition, repayment to the account holder is in most cases also beneficial for the client, because it does not disrupt the relationship it has with the financial institution.

Based on the above, **Option 3b has been chosen as the preferred option**, and the draft RTS will set the payment towards the account holder - in an account opened by the account holder in another credit institution for the benefit of each client - as the default option for the payment method and specify criteria and circumstances for paying directly the clients.

DGS communication of the payout method

As outlined in Article 8b(4)(c) of the DGSD3, the EBA is mandated to specify rules to prevent multiple claims for payouts to the same beneficiary under the DGS. To address this, the EBA assessed two policy options for ensuring coordination between the DGS, financial institutions, and the liquidator to avoid double payments:

Option 4a: Specifying that the DGS should communicate <u>without undue delay</u> to the financial institutions holding client funds deposits, as well as to the relevant body representing the credit institution (likely the liquidator).

Option 4b: Specifying a fixed frequency, during the payout window, at which the DGS should inform the financial institution and the relevant body representing the credit institution of any claim received and fulfilled.

A structured, frequency-based approach (Option 4b) would provide a harmonised framework across Member States, reducing discretionary variability and ensuring consistent communication. This method would minimise ad hoc coordination burdens during payouts, particularly in complex cases with high claim volumes. By standardising the timing of updates, it could also reduce operational risks. Such an approach aligns with the principle of predictability, which is critical in crisis scenarios.

However, the EBA ultimately favoured Option 4a due to its inherent flexibility, which is essential given the diverse scenarios DGSs may face - ranging from small institutions with few clients to large failures with vast numbers of depositors. A rigid frequency might prove either insufficient (e.g., in fast-moving cases requiring real-time updates) or overly burdensome (e.g., for straightforward payouts with minimal claims). Moreover, communication without undue delay ensures that all parties - including clients - receive timely and accurate information, reducing the risk of fraud, administrative errors, or duplicate claims. This approach also aligns with the objective of proportionality, allowing the DGS to tailor its response to the specific circumstances of each case while maintaining practical feasibility.

Based on the above, **Option 4a has been chosen as the preferred option**, and the draft RTS will specify that the DGS should communicate without undue delay to the financial institutions holding client funds deposits, as well as to the relevant body representing the credit institution (likely the liquidator).

D. Conclusion

The development of the the draft Regulatory Technical Standards on DGS payouts of client funds deposits under Article 8b(4) of DGSD3 will specify the technical details related to the identification of clients for repayment, the criteria under and circumstances in which repayment is to be made to the account holder for the benefit of each client or to the client directly, and the rules to avoid multiple claims for payout to the same beneficiary. The benefits - principally a harmonization of the transmission of relevant information on eligible deposits from the financial institution, the determination of the payout method of client funds deposits and rules to prevent duplicate claims- are deemed to exceed the costs associated with this draft RTS which are not supposed to be material and are mostly driven by underlying requirements of the DGSD3. As such these draft RTS hence should achieve, with acceptable costs, their objectives.

5.2. Overview of questions for consultation

Q1: Do you have comments on Articles 1 and 2 of the draft RTS, in particular their suitability for the identification of clients for the purpose of repayment in accordance with Article 8 DGSD3?

Q2: Do you have any specific comments on how to limit the burden of sharing information in going concern, while still allowing DGSs to prepare for DGS payouts in order to protect clients and prevent contagion of the financial institution?

Q3: Do you have comments on the proposals in Article 3 on the criteria under, and the circumstances in which, the repayment is to be made to the account holder for the benefit of each client or to the client directly?

Q4: Do you have any comments on the proposed Article 4, in particular to avoid multiple claims for payouts to the same beneficiary?

Q5: Do you have comments on the proposed application date of 24 months after entry into force?

Q6: Do you have any other comments on the proposed RTS?