

German Deposit Protection (EinSiG)

NB: The terms 'client', 'customer' and 'depositor' are used interchangeably throughout this document.

What is it?

The European Parliament issued the deposit guarantee schemes Directive 2014/49 on April 16th 2014, with a deadline July 3rd 2015, for implementation in the respective laws of the European Economic Area (EEA). EinSiG is Germany's take on the European Deposit Guarantee Scheme.

EinSiG requires German credit institutions, such as Deutsche Bank AG, to:

- Inform new customers about their participation in a deposit guarantee scheme (DGS)
- Obtain new customers' acknowledgement of having received this information
- Provide information about their participation in a DGS on their account statements
- Provide a standardized information sheet annually to all their deposit customers

NB: These communications are physical

The Directive's aim is to make sure that all financial institutions inform all prospective new and existing customers of the existence of mandatory deposit protection schemes, the extent of the protection afforded and what customers should do, in case their financial institution becomes bankrupt.

Deutsche Bank AG, domiciled in Germany, is forced to put into place the requirements arising from the German Banking Act (Kreditwesengesetz) paragraph 23a based on the aforementioned Directive for all of its branches, whether they are in Germany, Europe or outside that region.

What does Deutsche Bank need to do?

To fulfill the legal requirements under this Directive, Deutsche Bank AG must:

- Inform prospective new clients about the existence of the deposit guarantee scheme before opening their first account by distributing the "Depositor Information Sheet", which the customer must sign and return, in order for Deutsche Bank to be able to file as evidence
- Inform existing customers, via the account statements provided, about the fact that deposits are protected
- Inform existing customers on an annual basis about the deposit protection scheme by distributing the "Depositor Information Sheet". While new customers must sign the "Depositor Information Sheet" before an account can

be opened, this annual dispatch of "Depositor Information Sheet" does not require an acknowledgement (i.e. signature of the customer).

What is being done?

Because we are currently in breach of the regulation, we have eligible customers on boarded after the regulation go live date (3rd July 2015) that need to sign and return the Deposit Information Sheet.

Clients eligible for deposit protection on boarded prior to the regulation go live will receive a version of the deposit information sheet that does not require a signature.

Account opening/COB processes are currently being enhanced to ensure that new customers receive the "Depositor Information Sheet" before we enter into contract with them for certain products.

All eligible clients, regardless of their onboarding date will receive an annual reminder.

How are our Global Markets Clients scoped?

Legal Entity the Client faces:

In scope of EinSiG are all German credit institutions including their local and foreign branches as well as German branches from other credit institutions with a corporate seat outside of the EEA. For Global Markets this means clients facing the DB AG entities (See Appendix 1).

Exclusion of certain customers:

This has come directly from the regulation. Examples include Credit Institutions (banks, building societies and credit unions), Collective investment schemes, Pension Schemes and Retirement Funds. For the full list please see section 6 of the EinSiG regulatory document (Appendix 7). These outlined customer groups have been translated to DB Industry Codes which we have excluded from our scoping criteria in dbCAR/cRDS (See Appendix 2).

Products in scope:

A Balance Sheet analysis for DBAG London (Entity Id 840) of the in-scope FSIs (Financial Statement Items): "Liabilities to customers" (Verbindlichkeiten gegenüber Kunden) as well as "Receivables from customers" (Forderungen gegenüber Kunden) as per HGB (Handelsgesetzbuch – German Commercial Code) has revealed that only "GMF Money Market" and "Collateral Management (Cash)" are PSM product types in-scope of the DGS. Under "GMF Money Markets" the sub products "Deposits" and "Both" have been deemed in scope.

How will we reliably identify in scope clients?

Strategic DbCAR/cRDS Solution

As mentioned above, there are certain eligibility criteria that must be met in order for a client to fall into scope. Given the above parameters we have a signed-off business requirements document and a functional specification for a solution that will identify and label a client as in scope at the point of on boarding. The COB user will then be able to issue out the DIS with the opening pack.

Further still, the solution has the ability to track the client correspondence in dbCAR and upload returned documents. I.e. record when a user has sent out the DIS and when it has been received back.

The solution has been ready for deployment since R16 but has not been allocated a release.

Tactical Interim Solution

Data, with the following parameters, has been pulled from cRDS:

Active GM Clients

On Boarded or extended with either GMF Money Markets (Sub Types 'Deposits' or 'Both') and/or Collateral Management (Cash)

Exclusion of certain DB Industry Classification Codes (Appendix 2)

Inclusion of DB AG entities only (see Appendix 1)

Depending on the date the client is on boarded or extended into the above product categories, they are labelled as either before or after regulation go live which means they receive a one way vs a countersign version of the DIS respectively.

This has produced an in scope client list (See Appendix 3) which shall enable us to perform outreach by year end. Until the dbCAR/cRDS solution goes live, client reference data will manually identify the monthly delta between this client list to keep up with our legal obligation (the pattern has been circa 2 new clients a month).

FAQs

Does the product scoping mean we may be sending out communications to GM clients that aren't actually in scope of Deposit Protection?

Because of the high level nature of the product categories in dbCARs PSM we cannot rule out that we may bring clients into scope that are not in fact eligible for deposit protection. The steer from legal has been that it is better to over reach than under reach. As a result the cover letter sent out with the deposit information sheet is caveated to read that only eligible deposits are covered (See Appendix 6). As such handing out the sheet to non-eligible customers should in general not pose a problem.

Is the Depositor Information Sheet (DIS) available in different languages?

Yes: www.db.com/fk/de/produkte/informationen-fuer-den-einleger-depositor-information.htm

Who can sign the DIS?

Anyone who is authorized to act as agent for and in the name of the depositor.

Can I open an account for a new customer, if the DIS has not been signed?

No, for every new customer who is going to enter into a business relationship after July 3rd 2015, a signed copy of the Depositor Information Sheet must be on file. This is a legal requirement as per the German Banking Act 23a, which Deutsche Bank AG must adhere to. See Appendix 4 and 5 for the two version of the Depositor Information Sheet

What happens if we do not receive the signed and returned DIS at the point in time of opening accounts for new clients?

There are two rounds of chasing a client (5 working days after the initial outreach followed by another chaser another 5 working days thereafter). Escalation to Sales and Trading is the final point. Note the DIS must be signed and returned in order to fulfil the client for the in scope products - GMF Money Markets (sub types 'Deposits' and 'Both') and/or Collateral Management (Cash).

What is the difference between the Depositor Information Sheet for new customers and existing customers?

Both versions are identical with regard to the introduction and regulatory required information. Since the version for existing customers will be used for the annual information of customers it does not require a signature. The accompanying cover letter will also omit details about signing and returning the DIS for existing customer (See Appendix 6 for an example cover letter).

Does a client have to sign and return a new DIS if it opens an account with another DB Entity?

If an eligible client opens a new account with another DB AG entity it does not require to sign the deposit information sheet again.

What if my client is flagged as in scope but does not actually have any eligible deposits with us/ is not active in the aforementioned product lines in scope?

You must notify GDGS.returns@db.com <<mailto:GDGS.returns@db.com>> why the client is exempt with evidence.

Any other queries?

Please direct them to Amer Shafi amer-a.shafi@db.com <mailto:amer-a.shafi@db.com>
Appendices

Appendix 1 - Legal Entity Scope

Appendix 2 - Customers Excluded

Appendix 3 - Client List (as of December 8th 2016)

Appendix 4 - New Customer Deposit Information Sheet (Post 3rd July 2015)

Appendix 5 - Existing Customer Deposit Information Sheet (Pre 3rd July 2015)

Appendix 6 - Example Cover Letter

Appendix 7 - EinSiG Regulatory Paper

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