Paul Hastings
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Safety Deposit

With the current turmoil in the global economy and the financial markets in particular, market and consumer confidence in even those financial institutions that previously seemed safest has hit an all-time low. In the scramble to provide confidence and, ultimately, stability, new government regulation is emerging on a daily basis. As part of Paul Hastings' commitment to serving your needs wherever your business takes you, you will find below three summary charts, each providing an overview of the legal status of deposits, investment portfolios and insurance policies, explaining how they are protected in the major economies in Asia, Europe and in the United States of America.

DEPOSITS

Country	Deposit Protection Scheme
U.S.	Although the U.S. already had a system of federal deposit insurance, the U.S. Federal Deposit Insurance Corporation ("FDIC") has implemented a temporary increase in coverage from US$100,000 to US$250,000 per account/depositor. The increase, effective until December 31, 2009, was not accompanied by an increase in premiums. The FDIC has also introduced the Temporary Liquidity Guarantee Program ("TLGP"). Pursuant to the TLGP, all non-interest-bearing deposit transaction accounts (i.e., typically, small business and other business transaction accounts) will receive full deposit coverage, regardless of the amount, until December 31, 2009. In this case, the coverage was free for the first 30 days. If an institution does not opt out of the increased coverage by the end of that period, then it will be assessed 10 basis points (0.10%) on any deposit amount exceeding US$250,000, in addition to the regular risk-based premium assessments on its deposits. Associated with the TLGP, insured banks and their holding companies have the ability to issue unsecured debt, subject to certain limitations, that will be backed by the FDIC. Institutions again have until December 5, 2008 to opt out of this program as well. If an institution participates, it will be assessed an annual 75 basis point fee for the guaranteed debt; the debt must be issued on or before June 30, 2009; the amount is capped at 125% of the amount of institution's debt outstanding on September 30, 2009; and the FDIC guarantee will expire on June 30, 2012. Extensive disclosures will accompany debt that is subject to the FDIC's guarantee.

Country	Deposit Protection Scheme
	In a related development, the U.S. Treasury Department has announced that it will use US$250 billion of the US$700 billion of EESA funds to invest in U.S. financial institutions through a newly established TARP Capital Purchase Program (“TARP-CPP”). The U.S. Treasury initially announced that nine of the largest U.S. banks will receive US$125 billion of the US$250 billion available under the program. Since then, 50 additional depository institutions have received almost another US$50 billion. The remaining funds are available for U.S. banks, thrifts and depository institution holding companies. While the terms of the U.S. equity investments are relatively favourable, there are strings attached, including executive compensation limitations and the possibility of significantly greater government scrutiny of institution operations.
Japan	In the event a Japanese financial institution fails, its depositors are protected by a deposit insurance system. Deposits that come under the category of “deposit for payment and settlement purposes” are protected in full, but they must be: (i) bearing no interest, (ii) redeemable on demand, and (iii) required for the payment and settlement of services. Meanwhile the protection of deposits other than those for payment and settlement purposes is protected up to a maximum of JPY10 million plus interest, per depositor and per financial institution. The portion of principal exceeding JPY10 million for insured deposits may be partially covered in accordance with the state of assets of the failed financial institution.
China	There is no current system for depositor protection but one is being considered, possibly to be introduced by the end of 2008. The People’s Bank of China uses the “Deposit Reserve Requirement Ratio” (which is measured as a percentage of deposit liabilities and used partially to ensure that deposit-taking institutions have liquid funds to repay depositors if necessary) as one of the tools to regulate the availability of bank credit. Ultimately, the China Banking Regulatory Commission has the power to take over a commercial bank if depositors’ interests are materially and adversely affected.
Hong Kong	All banks are members of the Deposit Protection Scheme (“DPS”) established under the Deposit Protection Scheme Ordinance (Cap. 581). According to the existing DPS, in case of failure of a member bank, the DPS will pay compensation up to a maximum of HK$100,000 to each eligible depositor. The DPS is administered by the Hong Kong Deposit Protection Board that performs its functions through the Hong Kong Monetary Authority. With effect from October 14, 2008 and until the end of 2010, the amount of deposits in excess of HK$100,000 (without limitation as to amount) will be covered by the Hong Kong Exchange Fund.

Country	Deposit Protection Scheme
U.K.	A claim may be made under the Financial Services Compensation Scheme when an authorised deposit taker (e.g., a bank or building society) is unable, or likely to be unable, to repay its depositors. The maximum level of compensation has recently been increased from £35,000 to £50,000 per person.
Germany	All private sector banks are subject to the legal deposit protection scheme established under the German Deposit Guarantee and Investor Compensation Act (“Einlagensicherungs- und Anlegerentschädigungsgesetz”). The participation in the deposit protection scheme is a prerequisite for a credit institution to the operation of its business in Germany. In case of failure of such private sector banks the creditors are entitled to a compensation of 90% of their respective deposit (in any case not exceeding €20,000). Certain financial institutions (e.g., other deposit banks) are unable to claim under this provision. In addition many German banks are members of the Deposit Protection Fund of the Association of German Banks (“Einlagensicherungsfonds des Bundesverbandes Deutscher Banken”), which fully secures the deposits of each and every customer at the private sector banks up to a ceiling of 30% of the relevant liable capital of each bank as at the date of the last published annual financial statements. This protection extends to all deposits held by “non-banking” institutions. The Savings Bank Finance Group (members of which are the German savings banks and the German Landesbanks) maintains an institutional protection scheme. Similarly, the National Association of German cooperative banks maintains an institutional protection scheme benefiting the German cooperative banks. Finally, in a recent development the German Government has guaranteed savings of private bank customers deposited on giro or deposit accounts with banks in Germany. At present this is only a political, not legally binding, guarantee.
France	All credit institutions authorised in France are subject to the legal deposit guarantee scheme established under Savings and Financial Security Act and have to join the Deposit Guarantee Fund (“Fonds de Garantie des Dépôts”). Deposits from certain financial institutions are not covered by the guarantee. The maximum compensation limit is €70,000 per depositor. The maximum guarantee applies to each institution, regardless of the number of accounts. Deposits in currencies of countries in the European Economic Area are converted into euros using the current exchange rate on the date of inalienability of deposits.
Italy	All Italian banks must join one of the depositor guarantee schemes established and recognized in Italy as private-law entities. Branches of EC banks operating in Italy may voluntarily join an Italian guarantee scheme, while branches of non-EC banks authorised in Italy must join an Italian guarantee scheme, unless they participate in an equivalent foreign guarantee scheme. The current depositor guarantee scheme is the Interbank Deposit Protection Fund (“Fondo Interbancario di Tutela dei Depositi”) and all Italian banks are members of

Country	Deposit Protection Scheme
	this fund, except for mutual banks ("Banche di Credito Cooperativo"), which are members of the Deposit Guarantee System of Mutual Banks ("Fondo di Garanzia dei Depositanti del Credito Cooperativo"). The schemes do have some major exceptions, including bearer deposits and deposits made by banks, insurance and financial companies. Finally, in a recent development, according to Law Decree ("Decreto Legge") October 9, 2008 No. 155 ("Decree 155"), as a way of integration and in addition to the interventions of the private-law depositors guarantee schemes established and recognized pursuant to the Banking Law, the Minister for the Economy and Finance is authorized to issue state-backed guarantee in favour of depositors of Italian banks for a period of 36 months effective on the entry into force of Decree 155, i.e. October 9, 2008.

INSURANCE

Country	Protection
U.S.	On October 14, 2008 the U.S. Treasury Department announced that it was seeking comment on an insurance/guarantee program created by the EESA. However, the status of this program is now uncertain given the U.S. Treasury Secretary's recent announcement on November 12, 2008 to back away from troubled asset purchases and guarantees. If eventually implemented, the TARP insurance program could guarantee the principal of, and interest on, financial institution troubled assets originated or issued prior to March 14, 2008. The program would be available to insurance companies, as well as depository institutions and securities firms. And the program could work in tandem with a TARP program to buy troubled assets. In addition to the above, the U.S. Government has taken measures specific to AIG, including a US$40 billion investment, which suggests that it will go further to 'prop-up' insurance companies if there is an issue of systemic risk.
Japan	Japanese life insurance companies are required by statute to join the Life Insurance Policyholders Protection Corporation of Japan ("Seimeihokenkeiyakusha Hogokiko"); Japanese casualty insurance companies are required by statute to join the Non-life Insurance Policy-holders Protection Corporation of Japan ("Songaihokenkeiyakusha Hogokiko"). These Policyholders Protection Corporations protect insurance policyholders by providing financial support when an insurance company becomes insolvent and the insurance policies of the insolvent insurance companies are transferred to another insurance company. Most insurance contracts are protected in an amount equivalent to between 80 and 90% of the underwriting reserve, though some are 100% protected.

Country	Protection
China	The China Insurance Guarantee Fund Management Co., Ltd ("CIGFM") is an insurance protection fund established to protect policyholders in the event of an insurer's bankruptcy. In the event that an insurance company has its license revoked or declares bankruptcy and the assets of such insurance company are insufficient to meet the insurer's liabilities under the relevant policies, CIGFM will cover 100% of the losses up to RMB50,000 (€5,000) and 80% of the losses in excess of RMB50,000 (€5,000) for institutional policyholders. Individual policyholders are covered for 90% of the losses in excess of RMB50,000 (€5,000).
Hong Kong	Motor third-party liability insurance and employee's compensation insurance are covered by the Insolvency Fund administered by the Motor Insurers' Bureau of Hong Kong and the Employees' Compensation Assistance Fund under the Employees Compensation Assistance Ordinance (Cap. 365) respectively.
U.K.	Under the Financial Services Compensation Scheme, policyholder protection is triggered if an authorised insurer is unable, or likely to be unable, to pay claims against it. The maximum claim is 100% of the first £2,000 and 90% of the remainder. For compulsory insurance such as third-party motor insurance, 100% of the claim is payable.
Germany	German life insurance is covered by a protection scheme which guarantees that, if an insurer becomes insolvent, contracts are carried on, retirement benefits and term coverage are maintained as well as bonus shares already allocated. The company established by the insurers, Protektor Lebensversicherungs-AG, uses statutory powers to assume the insurance agreements of a non-performing company, reorganizes the investment portfolio, manages the insurance portfolios and transfers these in part or completely to other companies.

Country	Protection
France	Life insurance companies, subject to State control, must join a guarantee fund to protect the rights of their insured persons and policyholders, members and beneficiaries of their life insurance and capitalization contracts covering bodily injury or any transaction to acquire or enjoy rights pertaining to survival to a stipulated age. When the insurance regulatory commission ("Autorité de contrôle des assurances et des mutuelles") considers that one of the life insurance companies is no longer able to meet its commitments, it will call upon the guarantee fund. The firm's portfolio of contracts will then be put out to tender. If any assignee does not cover certain rights of the other parties to the contracts, they are guaranteed by a guarantee fund payment to the assignee, within limits. When the tender has not produced results, the rights of the insured, beneficiaries of the contracts, members and beneficiaries of benefits are guaranteed by a guarantee fund payment, within limits. The maximum compensation limit is €70,000 per insured person or €90,000 for invalidity or incapacity pensions and for death pensions.
Italy	There is protection for specific areas. In particular the National Guarantee Fund for Motor Vehicles/Crafts accidents' Victims ("Fondo di Garanzia per le Vittime della Strada") will pay compensation in case of, inter alia, administrative liquidation (liquidazione coatta) of the insurance company, for damages caused by motor vehicles and craft for which insurance is compulsory.

INVESTMENTS

Country	Protection
U.S.	Pursuant to the FDIC's TLGP (described above), the FDIC announced that it was guaranteeing all newly issued senior unsecured debt. For any debt issued from now until June 30, 2009, and in connection with the failure of the depository institution or bankruptcy of the holding company (until June 30, 2012), the U.S. government guarantee will now fully protect promissory notes, commercial paper, inter-bank funding and any unsecured portion of secured debt issued by U.S. banks, thrifts and their financial-related holding companies. In addition to this, a Commercial Paper Funding Facility has been introduced under which, from October 27, 2008, the Federal Reserve Bank of New York ("FRB-NY") will finance, through a Special Purpose Vehicle, the purchase of unsecured and asset-backed commercial paper from eligible issuers through its primary dealers. The FRB stressed that the CPFF will involve the acquisition of highly rated, U.S. dollar

Country	Protection
	denominated, three-month commercial paper. Further, the Money Market Investor Funding Facility has been created to provide additional liquidity to money market mutual funds by financing assets (including Certificates of Deposit and short-term commercial paper) from eligible funds. Finally, under the Money Market Fund Guarantee Program ("MMFGP") brought into force for an initial three-month period in September, the Treasury will guarantee the share price of any publicly offered eligible money market mutual fund – both retail and institutional – that applies for and pays a fee to participate in the MMFGP. The program, which became effective September 29, 2008, provides coverage to money market fund shareholders for amounts that they held in participating money market funds as of the close of business on September 19, 2008. The guarantee is triggered if a participating fund's net asset value falls below $0.995. It is also worth noting that, on November 12, 2008, the U.S. Treasury Secretary indicated a strong desire to use a portion of the available TARP funding to provide additional support to the U.S. asset-backed securitization market. Details of this program have yet to be finalized.
Japan	Entities conducting securities-related businesses in Japan (including foreign firms with branch offices in Japan) are required to join the Japan Investor Protection Fund. Persons eligible to make claims against the Fund are limited to general customers and do not include financial institutions and governments. Further, the Fund will only make payments when it finds that the member has difficulty in refunding certain customer assets and there is a current maximum compensation per general customer of JPY10 million.
China	The China Securities Investor Protection Fund Co., Ltd. ("CSIPF"), a securities investor protection fund, theoretically allows investors to recover funds in case of closure, bankruptcy or regulatory takeover of brokerage firms. However, even though the CSIPF was created in 2005, details about how CSIPF would operate have not been disclosed. As a result, CSIPF's coverage is subject to approval by the State Council on a case-by-case basis.
Hong Kong	The Investor Compensation Fund has been established under the Securities and Futures Ordinance (Cap. 571). According to the existing rule, the maximum amount of compensation that may be paid to each person making a claim for compensation is HK$150,000 for each case of default committed by securities and futures dealers and margin financiers. The claim may cover losses sustained as a result of a default in relation to securities listed or traded on a recognized stock market or in relation to futures contracts traded on a recognized futures market. Certain types of persons (e.g., authorised institution, manager of collective investment scheme, authorised insurer) cannot claim under the fund as it is aimed at retail investors.

Country	Protection
U.K.	The Financial Services Compensation Scheme will pay out if an authorised investment firm is unable to pay claims against it. The investments covered include shares, unit trusts, futures and options, personal pension plans and mortgage endowments. The maximum claim is £48,000 per person (100% of the first £30,000 and 90% of the next £20,000). In addition, in relation to mortgage advice, a claim may arise where the mortgage advice was not suitable for the customer's circumstances at the relevant time. The maximum limits are the same.
Germany	Private sector banks are subject to a legally required protection scheme. Under statute, the obligations of private sector banks relating to investments in securities are protected up to 90% of the obligations of such financial institution (in any case not exceeding €20,000). This limit is calculated in respect of the total sum of each creditor's claims against a member institution. Some institutions are exempt from the benefit of the protection scheme. Liabilities in respect of which bearer instruments such as bearer bonds and bearer certificates of deposit have been issued by a bank are not protected under the Deposit Protection Fund of the Association of German Banks. In case of any financial difficulties, banks participating in the institutional protection schemes of the Savings Bank Finance Group and the German cooperative banks will be financially rehabilitated and supported to meet all their legal obligations to the full extent.
France	The Deposit Guarantee Fund also covers financial instruments such as securities, debt securities, shares or units in mutual investment fund entities, futures. The maximum compensation limit is €70,000 per investor (individuals and legal entities, resident and non-resident) for financial instruments and €70,000 for cash deposits when these are included in the scope of the securities guarantee. For credit institutions, cash deposits are not covered by the securities guarantee but by the cash guarantee procedure for an identical amount (these limits are per institution, not per account).
Italy	Authorization for the provision of investment services and activities is subject to membership of a recognized compensation system for the protection of investors. Membership of the schemes is open to EU investment firms, harmonized management companies and EC banks but mandatory for branches of non-EU investment firms and banks established in Italy. Under current regulations the schemes must cover (i) compulsory administrative liquidation of Italian banks and Italian investment firms ("Società di Intermediazione Mobiliare" or "SIM"), (ii) insolvency or similar procedures of stockbrokers (agenti di cambio) and financial intermediaries and (iii) intervention of compensation schemes of the home state country of foreign banks and investment firms with Italian branches or, if in such countries compensation schemes are not provided for, such intermediaries are subject to compulsory administrative liquidation, insolvency or

Country	Protection
	similar proceedings. The new schemes reimburse credits, represented by cash or financial instruments deriving from investment transactions, claimed by investors in respect of: (i) Italian banks, SIM, financial intermediaries and related EC branches, (ii) Italian branches of foreign banks and investment firms, which are members of compensation schemes, limited to the activity performed in Italy and (iii) stockbrokers. Certain investors, e.g., government branches, significant shareholders and those who combined to bring about the insolvency may not make a claim. The reimbursement of eligible credits for single investor is up to €20,000.

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If you have any questions concerning these developing issues, please do not hesitate to contact any of the following authors:

China

Maurice Hoo
+852-2867-9562
mauricehoo@paulhastings.com

David S. Wang
+86-21-6103-2909
davidwang@paulhastings.com

Toshi Arai
+86-21-6103-2919
toshiyukiarai@paulhastings.com

Allen Zhou
+86-21-6170-6299
allenzhou@paulhastings.com

France

Sandra Esquiva-Hesse
+33-1-42-99-04-12
sandraesquivahesse@paulhastings.com

Germany

Edouard Lange
+49-69-907485-114
edouardlange@paulhastings.com

Hong Kong

Brett W. King
+852-2867-9527
brettking@paulhastings.com

Neil A. Torpey
+852-2867-9902
neiltorpey@paulhastings.com

Italy

Bruno Cova
+39-02-30414-212
brunocova@paulhastings.com

Luigi Baglivo
+39-02-30414-216
luigibaglivo@paulhastings.com

Japan

Jun Usami
+81-3-6229-6108
junusami@paulhastings.com

U.K.

Alper Deniz
+44-20-3023-5173
alperdeniz@paulhastings.com

U.S.

Anthony Princi
+1-212-318-6690
anthonyprinci@paulhastings.com

John L. Douglas
+1-404-815-2214
johndouglas@paulhastings.com

V. Gerard Comizio
+1-202-551-1272
vgerardcomizio@paulhastings.com

Kevin L. Petrasic
+1-202-551-1896
kevinpetrasic@paulhastings.com