



DEPOSITORS' COMPENSATION SCHEME

(in relation to the Compensation of Depositors Regulations 2008)

**ANNUAL REPORT
OF THE SCHEME MANAGER
FOR THE YEAR ENDED
31 MARCH 2009**

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SCHEME MANAGER

In accordance with Section 5 (1) of the Compensation of Depositors Regulations 2008, made under Section 25 of the Financial Services Act 2008, the Financial Supervision Commission (“the Scheme Manager”) is charged with the administration of the Depositors’ Compensation Scheme.

The Financial Services Act 2008, Schedule 1 states *“the Commission shall consist of not less than seven qualified persons appointed by the Treasury, subject to the approval of Tynwald”*.

Tynwald has approved the following persons to be members of the Commission:

	Date first elected
Mrs R V Penn (Chairman)	March 1993
Mr J R Aspden	July 1998
Mr J Cashen	January 2002
Mr T Cullen	June 2001
Mr B Stott	June 2001
Mr G Karran	July 2007
Mr A Smith	July 2007

OFFICERS & PROFESSIONAL ADVISERS

SECRETARY

Mr A J Kermode
Financial Supervision Commission
P O Box 58
Finch Hill House
Bucks Road
Douglas
Isle of Man
IM99 IDT

ADVOCATES

Callin Wild
Number Fifty, Athol Street
Douglas
Isle of Man
IMI IJB

***AGENTS (appointed after the end of the period
to administer the scheme for compensation
to be paid to depositors of
Kaupthing Singer & Friedlander (Isle of Man) Limited
(in liquidation))***

KPMG LLC
P O Box 93
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 IHN

BANKERS

To be appointed

AUDITORS

To be appointed

REPORT OF THE SCHEME MANAGER

INTRODUCTION

This is the first Annual Report by the Financial Supervision Commission in its role as Scheme Manager of the Compensation of Depositors Regulations 2008, known as the Depositors' Compensation Scheme ("the Scheme").

LEGISLATION

On 9th October 2008, the Treasury, in exercise of the powers conferred on it by Section 25 of the Financial Services Act 2008, made the Compensation of Depositors Regulations 2008 ("the Regulations") (SD 826/08). The Regulations were approved by Tynwald on 9th October 2008 and came into operation on the same date.

The Regulations provide for the establishment of a fund out of which compensation is to be paid on eligible protected deposits if a Scheme participant licensed under the Financial Services Act 2008 is deemed to have defaulted. The Regulations further provide for the levying of contributions on other Scheme participants (subject to an overall aggregate limit of £200m throughout the currency of the Scheme in respect of all defaults occurring on or after 23rd October 2008 and before 23rd October 2009) and funding from Treasury in respect of all defaults occurring before 23rd October 2009 not exceeding £150m, in order to provide monies for the establishment of the fund, upon a default by a Scheme participant.

The timing of the payment of compensation will be affected by the rate at which contributions are received from Scheme participants, Treasury and any other sources of funding.

ACTIVATION OF THE SCHEME

During the year ended 31st March 2009 the Scheme was not activated.

DEFAULT BY KAUPTHING SINGER & FRIEDLANDER (ISLE OF MAN) LIMITED

On 27th May 2009, after the end of the financial year, the Financial Supervision Commission, as Scheme Manager, determined that Kaupthing Singer & Friedlander (Isle of Man) Limited was in default in terms of Regulation 3 of the Regulations. This followed the making of a winding-up order by the High Court in the Isle of Man in respect of the affairs of Kaupthing Singer & Friedlander (Isle of Man) Limited in the island.

LEVIES

During the year ended 31 March 2009, no levies were made.

DIVIDEND DISTRIBUTION

There was no fund created in relation to the Scheme in the year ended 31st March 2009, the first year of the Report. As a result no dividends were received into the Scheme.

RETIREMENT / APPOINTMENT OF COMMISSIONERS

There have been no changes during the year and to the date of signing the report and financial statements for the year ended 31st March 2009.

The Scheme Manager adopts a strict policy in determining and managing the conflicts of interest which may arise between members of the Commission and Scheme participants. Information regarding Commission members' conflicts of interest is available from the Commission's website www.fsc.gov.im.

RETIREMENT / APPOINTMENT OF SECRETARY

There have been no changes during the year and to the date of signing the report and financial statements for the year ended 31st March 2009.

PAYMENT OF COMPENSATION

During the year, the Scheme Manager made no compensation payments.

PARTICIPATING DEPOSIT TAKERS

Appendix B to this Report lists all participants in the Isle of Man Depositors' Compensation Scheme during the year ended 31 March 2009.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

There was no fund created in relation the Scheme in the year ended 31st March 2009, the first year of the Report. Therefore no financial statements have been prepared.

DEPOSITORS' COMPENSATION SCHEME IN RELATION TO THE BANKING BUSINESS (COMPENSATION OF DEPOSITORS) REGULATIONS 1991

A separate annual report is prepared covering the above, including the financial statements in relation to the fund that was created following the default by Bank of Credit and Commerce International S.A.

***APPROVED BY THE FINANCIAL SUPERVISION COMMISSION AS SCHEME
MANAGER OF THE DEPOSITORS' COMPENSATION SCHEME
ON 17 JUNE 2009 AND SIGNED ON ITS BEHALF BY:***

Mrs R V Penn

Mr J R Aspden

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CHAIRMAN

COMMISSIONER

Depositors' Compensation Scheme

Statement of Scheme Manager's Responsibilities

The Scheme Manager is required by Regulation 5(3) of the Regulations to prepare in respect of each financial year a report to the Treasury on the discharge of its functions and on the operation of the Scheme generally. This report shall include a balance sheet and an income and expenditure account for the Scheme.

In preparing this report the Scheme Manager is required to:

- Select suitable accounting policies and then apply them consistently; and,
- Make judgements and estimates that are reasonable and prudent.

The Scheme Manager is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the scheme and to enable the Scheme Manager to make reports required by the Compensation of Depositors Regulations 2008 - 2009, made under the Financial Services Act 2008. The Scheme Manager is also responsible for safeguarding the assets of the Scheme and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the year ended 31st March 2009 no fund was created as there had not been an event of default under the Regulations. Therefore, no balance sheet or income and expenditure account has been established.

By order of the Scheme Manager

Mr A J Kermode

Secretary

17 June 2009

APPENDIX A - LEGISLATION

Financial Services Act 2008¹

Compensation of Depositors Regulations 2008²

Compensation of Depositors (Amendment) Regulations 2008³

Compensation of Depositors (Amendment) Regulations 2009⁴

¹ 2008 c.8

² SD 826/08

³ SD 844/08

⁴ SD 232/09

APPENDIX B – SCHEME PARTICIPANTS

The scheme participants in the Isle of Man Depositors' Compensation Scheme during the year ended 31 March 2009 were as follows:

AIB Bank (CI) Limited
Alliance & Leicester International Limited
Anglo Irish Bank Corporation (International) PLC (*formerly Anglo Irish Bank Corporation (I.O.M.) P.L.C.*)
Bank of Ireland (I.O.M.) Limited
Bank of Scotland International Limited
Barclays Bank PLC
Barclays Private Clients International Limited
Barclays Private Bank & Trust (Isle of Man) Limited
BNP Paribas Securities Services Custody Bank Limited (*licence surrendered on 21 November 2008*)
BNP Paribas Securities Services S.A. (*licence issued on 13 August 2008*)
Bradford & Bingley International Limited
Britannia International Limited
Cayman National Bank & Trust Company (Isle of Man) Limited
Close Bank (Isle of Man) Limited
Conister Trust Limited (*formerly Conister Trust PLC*)
Duncan Lawrie (IOM) Limited
Fairbairn Private Bank (IOM) Limited
Habib European Bank Limited
HSBC Bank International Limited
HSBC Bank plc
Irish Nationwide (I.O.M.) Limited
Irish Permanent (IOM) Limited
Isle of Man Bank Limited
Kaupthing Singer & Friedlander (Isle of Man) Limited (in liquidation)
Lloyds TSB Offshore Limited
Nationwide International Limited
RBS Coutts Bank (Manx) Limited
Standard Bank Isle of Man Limited
Bank of Scotland Plc
The Royal Bank of Scotland International Limited
The Royal Bank of Scotland plc
Zurich Bank International Limited