

Chapter 14

Participation by EEA Firms



14.4 Ending top-up cover

FSCS terminating top-up cover

- 14.4.1 **R** The *FSCS* must terminate an *incoming EEA firm's top-up cover* where it has ascertained that the conditions in **COMP 14.2.1 R** are no longer satisfied.
- 14.4.2 **R** If an *incoming EEA firm* which has *top-up cover* fails to observe any of the *rules* in this sourcebook which apply to *participant firms*, the *FSCS* must notify the *FCA* and the *incoming EEA firm's Home State regulator*.
- 14.4.3 **R** In cases where **COMP 14.4.2 R** applies, the *FSCS* must co-operate with the *incoming EEA firm's Home State regulator* so that appropriate measures can be taken to ensure that the *incoming EEA firm* meets its obligations under this sourcebook.
- 14.4.4 **R** [deleted]
- 14.4.4A **R** If the *incoming EEA firm* fails to meet its obligations for a period of twelve months following the notice, the *FSCS* may, subject to obtaining the consent of the *incoming EEA firm's Home State regulator*, terminate its *top-up cover*. Notwithstanding the termination of *top-up cover* under this rule, cover will continue for *protected investment business* transacted before that termination.

14.4.4B **R**

Resignation of an EEA firm from the compensation scheme

- 14.4.5 **R** An *incoming EEA firm* which has *top-up cover* may terminate that *top-up cover* by giving six months' notice in writing to the *FSCS*.

Notice to customers and the FSCS

- 14.4.6 **R** When an *incoming EEA firm's top-up cover* comes to an end under **COMP 14.4.1 R**, **COMP 14.4.4 R** or **COMP 14.4.5 R**, it must:
 - (1) inform all the clients of its *UK branch* no later than six weeks after the date that its participation ends that they are no longer protected (or, if appropriate, of the more limited protection provided) by the

compensation scheme, and of the level of compensation which is then available to them; and

(2) within two months, notify the *FSCS* whether it has done so.

14.4.7 **R** If an *incoming EEA firm* fails to comply with **COMP 14.4.6R (1)**, the *FSCS* must inform the *firm's Home State regulator* of that fact.

14.4.8 **R** The *FSCS* must bring the ending of an *incoming EEA firm's top-up cover* to the attention of the *incoming EEA firm's clients* by means of a public notice.