

REVISED GUIDANCE NOTE ON THE CALCULATION OF THE ELIGIBILITY CERTIFICATE FEE FOR ACCOUNT-HOLDERS WITH STATUTORY TRUST ACCOUNTS

Summary

This note clarifies how account-holders with multiple accounts, including ‘statutory trust accounts’, should calculate the amounts payable under the Guarantee Scheme for Large Deposits and Wholesale Funding (‘Guarantee Scheme’).

Background

The Commonwealth has agreed to waive the payment of an Eligibility Certificate Fee by Eligible Institutions in relation to ‘statutory trust accounts’. The scope of the exemption is set out in the *Guidance Note on the Waiver of the Eligibility Certificate Fee for Statutory Trust Accounts*, available on this website.

Advice on the calculation of the Eligibility Certificate Fee for account-holders who operated statutory trust accounts and other accounts was previously provided on this website. This Guidance Note replaces that advice.

Calculation Method

The Financial Claims Scheme (FCS) provides a fee-free guarantee of \$1 million per account-holder per authorised deposit-taking institution (ADI). If an account-holder has multiple accounts with an ADI, the balances are aggregated and the account-holder has the benefit of only one \$1 million fee-free threshold.

The *Banking Act 1959* (Cth) defines an ‘account-holder’ as ‘an entity (as defined in section 960-100 of the *Income Tax Assessment Act 1997*) that has (either alone or jointly with another entity) an account or covered financial product with an ADI.’

Under the *Income Tax Assessment Act 1997*, an ‘entity’ includes an individual, a body corporate, a body politic, a partnership, an unincorporated association or body of persons, a trust, a superannuation fund and an approved deposit fund. The same legal person may act in a number of different capacities. For example, a legal person acting in its personal capacity is one entity, whilst the same legal person acting as trustee of a trust is a different entity.

If an account-holder has regular accounts and a statutory trust account with an ADI, then the balances held in the regular accounts are aggregated. The standard \$1 million fee-free threshold applies and the Eligibility Certificate Fee is payable on amounts above the threshold.

The balance held by the account-holder in the statutory trust account – in the account-holder’s capacity as trustee – receives its own \$1 million fee-free threshold. The fee waiver applies to amounts above the threshold, with the result that no fee is payable. An example is set out overleaf.

Example

An account-holder has three accounts, named A, B and C, with an ADI. Accounts A and B are held by the account-holder in its personal capacity. Account C is a statutory trust account

The balances in accounts A and B are aggregated. The first \$1 million is covered by the FCS. A fee is payable on the amount above \$1 million for Guarantee Scheme coverage.

The balance in account C is subject to the statutory trust account fee waiver. The first \$1 million is covered by the FCS. The amount above \$1 million is covered by the Guarantee Scheme and receives the fee waiver. No fee is payable.

Entity ABC Accounts at XYZ Bank			
	Account A	Account B	Account C
Account Balance	\$600,000	\$600,000	\$2,000,000
Amount Covered by FCS	Aggregated: \$1,000,000		\$1,000,000
Amount Covered by Guarantee Scheme	Aggregated: \$200,000		\$1,000,000
Amount on which Fee is Payable:	\$200,000		\$0 (waiver applies)