

## Depositor Compensation Scheme

New Zealand dollar deposits held through Forsyth Barr's Cash Management service and New Zealand dollar bank term deposits held through Forsyth Barr's custodial service are covered by the Depositor Compensation Scheme in the same way as if they were held directly with the relevant bank.

The Depositor Compensation Scheme came into effect on 1 July 2025. It protects depositors for up to \$100,000 in the unlikely event that their bank or other licensed deposit taker fails. The scheme covers money held in standard banking products, including transaction, savings, notice, and term deposit accounts. It protects individuals, businesses, and trusts, and applies automatically.

Cover under the Depositor Compensation Scheme includes cover for deposits held through "relevant arrangements", which include regulated client money and client property services such as the nominee and custodial services provided by Forsyth Barr Cash Management Nominees Limited and Forsyth Barr Custodians Limited. This means that deposits held through Forsyth Barr's Cash Management service and term deposits held through Forsyth Barr's custodial service are covered in the same way as if they were held directly with the relevant bank. The provider of a "relevant arrangement" is not entitled to compensation, instead the compensation entitlement is calculated at the level of the underlying client.

Cover is in respect of the total deposits held directly or indirectly by each client with each bank. So, any amounts you hold in Forsyth Barr's Cash Management service and any term deposits held through Forsyth Barr's custodial service need to be added to any amounts you might hold directly with the underlying bank to determine your overall entitlement to compensation. It is therefore important for investors in Forsyth Barr's Cash Management service and in term deposits held through Forsyth Barr's custodial service to know who the underlying banks are. This may change from time to time.

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**Presently, amounts invested in Forsyth Barr's Cash Management service are invested in call deposits with ANZ Bank New Zealand Limited.**

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**Term deposits through Forsyth Barr's custodial service are with Westpac New Zealand Limited.**

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We include a few questions and answers below and on the next page about the Depositor Compensation Scheme. For more information, see the Depositor Compensation Scheme section on the Reserve Bank's website – <https://www.rbnz.govt.nz/dcs>

### **How is the \$100,000 limit calculated?**

The Depositor Compensation Scheme provides protection of up to \$100,000 per eligible depositor, per licensed bank (or other licensed deposit taker). This limit applies to a Forsyth Barr client's total deposits with the same bank, including any amounts held through Forsyth Barr's Cash Management service and/or custodial term deposit service, as well as any personal accounts the client may hold directly with that bank. If a client has more than \$100,000 in total across all of their holdings with the same bank, only \$100,000 would be covered by the scheme.

**How are deposits held jointly treated under the Depositor Compensation Scheme?**

For deposits held jointly, each individual is entitled to their share under the Depositor Compensation Scheme. Each account holder is assumed to have an equal share unless records maintained in accordance with the regulations provide otherwise. For example, if a client has a joint Cash Management account with their spouse with \$160,000 in it, they will be entitled to \$80,000 each under the Depositor Compensation Scheme (assuming equal shares and no other deposits with the bank used for Cash Management accounts).

**How are deposits held on trust treated under the Depositor Compensation Scheme?**

Trusts are treated as separate persons for the purposes of entitlement under the Depositor Compensation Scheme. So, for example, if XYZ Trust, XYZ Trust 2, and XYZ Trust 3 all had the same trustees across all three trusts, and each had \$50,000 deposited with the same licensed deposit taker, each trust would be entitled to coverage for \$50,000.

**Does the Depositor Compensation Scheme cover foreign currency deposits?**

No.

**Are non-New Zealand residents and non-New Zealand citizens covered by the Depositor Compensation Scheme?**

Yes.

**Does a depositor pay to be covered by the Depositor Compensation Scheme?**

There is no direct cost to depositors. However, the Reserve Bank collects a levy from deposit takers to fund the Depositor Compensation Scheme.