

SOUTHEND CREDIT UNION LIMITED

**FSCS ACCELERATED COMPENSATION FOR DEPOSITORS
INSTRUMENT 2011**

1. On 13 May 2011, the Financial Services Compensation Scheme Limited ("FSCS") declared Southend Credit Union Limited ("the credit union") to be in default (the "FSCS Default") for the purposes of COMP 6.3.2 of the COMP Sourcebook (COMP 15.1.1 G).
2. The Financial Services Authority ("FSA") has made compensation rules under COMP 15 providing for an accelerated compensation scheme for retail depositors.
3. FSCS has determined to use the powers in COMP Chapter 15 set out below in respect of the credit union (COMP 15.1.5(2)R) and all eligible claimants who held deposits with the credit union at 13 May 2011 (COMP 15.1.5(3)R).
4. The powers to be used as an alternative to the powers and processes elsewhere in the COMP Sourcebook (COMP 15.1.5R(1)) are:
 - 4.1 FSCS may pay compensation to an eligible claimant without having received an application and/or assignment of the whole or any part of the claimant's rights against the bank and/or any third party (COMP 15.1.11R).
 - 4.2 FSCS may pay compensation in any form and by any method (or any combination of them) that it determines is appropriate (COMP 15.1.13).
 - 4.3 FSCS may make the payment of compensation by it conditional upon a depositor assigning or transferring the whole or any part of all the rights and claims as he may have against the bank and any third party (whether such rights are legal, equitable or of any other nature whatsoever and in whatever capacity the relevant person or third party is acting) in respect of which the payment of compensation is made on such terms as FSCS determines are appropriate (COMP 15.1.18R).
 - 4.4 FSCS has determined to pay compensation without fully or at all investigating the eligibility and/or amount of claims as FSCS is of the opinion that:
 - a) the costs of investigating the merits of the claim are reasonably likely to exceed the amount of the claim; and
 - b) it is reasonably in the interests of participant firms to do so.
5. FSCS determines that it shall immediately and automatically be subrogated to all of the rights and claims of the deposit holders against the credit union and/or any third party in respect of or arising out of the claim in respect of which compensation was paid (COMP 15.1.17R(3)) with the effects set out in COMP 15.1.17R(4) and (5)).
6. FSCS determines that in conjunction with the exercise of the FSCS's powers under COMP 15.1.17R to COMP 15.1.19R deposit holders shall be treated as having irrevocably and unconditionally appointed the chairman of the FSCS

for the time being to be their attorney and agent on their behalf and in their name or otherwise to do such things and execute such deeds and documents as may be required under such laws of the United Kingdom, another EEA State or other state or law-country to create or give effect to such assignment or transfer or otherwise give full effect of those powers (COMP 15.1.20R(1)).

7. The payment of compensation by FSCS is in full and final discharge and settlement of the obligations of FSCS.
8. FSCS reserves the right to amend, remake, or revoke these determinations at any time (COMP 15.1.7(5)).
9. This instrument takes effect immediately on the date and at the time on which it is made (COMP 15.1.17(2)).

The Executive is authorised by the Board to decide whether, and to what extent, FSCS should use the powers under COMP 15 in respect of credit union defaults arising on or after 1 January 2011. This delegation by the Board is subject to exceptional circumstances surrounding a particular default such that the Executive considers that a determination under COMP 15 would not be appropriate.

This Determination under COMP 15 agreed on behalf of the Executive by

KTL BCLH

[date], [time]. 13/5/11 9.52 am