FINANCIAL REGULATOR
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Settlement Agreement
between the Financial Regulator and DEPFA ACS BANK

The Financial Regulator has entered into a Settlement Agreement with effect from 16 December 2009 with DEPFA ACS BANK in relation to breaches of a regulatory requirement under the Asset Covered Securities Act 2001 (as amended) ("the Act").

The Financial Regulator has reasonable cause to suspect that breaches of a regulatory requirement occurred whereby DEPFA ACS BANK failed on a number of occasions to obtain the approval of its Cover-Assets Monitor ("the CAM") or the Financial Regulator prior to making or amending an entry in its register of public credit covered securities business, such approval being required pursuant to subsection 53(5) of the Act.

The breaches were notified in the first instance to the Financial Regulator by DEPFA ACS BANK.

In determining the appropriate sanction, the Financial Regulator took into account the following:

- The CAM has confirmed that at all times the cover assets pool remained in compliance with all other requirements of the Act, including over collateralisation requirements on both a regulatory and contractual basis
- No investors suffered a financial loss; and
- DEPFA ACS BANK has since introduced new procedures and controls (including those proposed by an external consultant) and new management and reporting structures to prevent future incidences of this nature.

The Financial Regulator has reprimanded DEPFA ACS BANK and required it to pay a monetary penalty in the sum of €250,000.

The Financial Regulator confirms that DEPFA ACS BANK co-operated fully and was open and transparent with the Financial Regulator throughout the examination. The matter is now closed.