

Neil Dickens
Chairman
Landsbanki Guernsey Depositors Action Group
Ommadawn
Rue Colin
Vale
GY6 8LA

29 October 2010

Dear Mr Dickens,

I am sorry that you are disappointed by the responses you have received from the Policy Council, but there is very little that we can add to our response to your last letter. I can only restate that the Policy Council's support, on behalf of the States, of the Court-appointed Administrators, has been consistent throughout this process.

We will have to agree to differ on a number of issues, in particular the independence and authority of the Promontory Report. I should again point out that the report was led by Michael Foot CBE – a highly respected authority in these matters, who has also been commissioned by HM Treasury for projects relating to matters of financial regulation.

You asked about the constitutional obligations of the UK Government. I appreciate that when you wrote your letter you will not have had sight of the Policy Council's response to Deputy David De Lisle, who recently asked why the UK and the Netherlands were given priority status in the discussions with the Icelandic authorities. I attach the Policy Council's reply to Deputy De Lisle for your information, but in essence the situation occurred because the UK, the Netherlands and Iceland are all members of the European Economic Area, and Guernsey is not.

I was disappointed by your comments about the Policy Council's activities in relation to the Winding-up Board. The issue was brought to our attention by the Administrators, and we duly provided the support requested. We felt that our involvement would help depositors, and, as such, we were delighted to do so.

Finally, I must reiterate that it is the view of the Policy Council and a majority of States Members that the States should not spend public funds on a further inquiry or to directly compensate depositors.

Yours sincerely

A handwritten signature in black ink, appearing to read "L. S. Trott". The signature is written in a cursive, somewhat stylized font.

L S Trott
Chief Minister

Enc.

MEMORANDUM

To: Members of the States of Deliberation

From: Chief Minister Policy Council

Date: 26th October 2010

Rules 5 Supplementary Questions from the Meeting held on 29th September 2010

Dear States Member

At the States of Deliberation meeting held on 29th September 2010 during questions under Rule 5 of the Rules of Procedure Deputy De Lisle asked a supplementary question as per Rule 5(4):

“[Had] not the UK and the Netherlands gained priority status with the Icelandic Winding-up Board, whereas Landsbanki Guernsey and Landsbanki Guernsey depositors have not benefited from this level of support. Why have they been excluded, and has the Chief Minister taken up this discriminatory action with those authorities in the UK?”

The following response has been provided to Deputy De Lisle. The Policy Council has liaised with the Commerce & Employment Department, the Guernsey Financial Services Commission, and HM Treasury, to ensure the accuracy of this answer.

“It is important to clarify that the situations in the UK and the Netherlands do not bear comparison with the situation in Guernsey. This is because the UK, the Netherlands and Iceland are all members of the European Economic Area (EEA), whereas Guernsey is not. Some of the claims of the UK and the Netherlands qualify as priority claims under Icelandic law by virtue of the EEA’s arrangements for depositor protection. As Guernsey is not a member of the EEA, those provisions do not apply. Guernsey has not been excluded as it could never have been included.”