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DRAFT SCOTTISH STATUTORY INSTRUMENTS

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**2011 No.**

**The Tenancy Deposit Schemes (Scotland) Regulations 2011**

**PART 4**

Accounting requirements in relation to tenancy deposit schemes

**Designated accounts**

**16.**—(1) A scheme administrator must hold one or more designated accounts for the purposes of regulation 11(c).

(2) Designated accounts must not contain any sums other than—

- (a) tenancy deposits paid into them by the scheme administrator;
- (b) such sums of money belonging to the scheme administrator as may be necessary for the purpose of opening the account;
- (c) such sums of money as may be necessary to replace any sum which by error has been withdrawn from the account; and
- (d) interest.

**17.** A scheme administrator must follow appropriate accounting and administrative practices to ensure that—

- (a) tenancy deposits received by the scheme administrator are paid without delay into the relevant designated account;
- (b) at all times the sum at the credit of the designated account, or where there are more such accounts than one, the total of the sums at the credit of those accounts, is not less than the total of the amounts of tenancy deposits held by the tenancy deposit scheme; and
- (c) at all times each tenancy deposit held in a designated account is attributable to the landlord on whose behalf it was paid in to the account, as well as to the tenant to whom it relates.

**18.** Sums may be withdrawn from a designated account only for the following purposes—

- (a) repayment of tenancy deposits in accordance with these Regulations;
- (b) meeting the costs of the scheme from interest accrued;
- (c) improving the quality of service provided by the scheme administrator from interest accrued, where the interest is surplus to that required to meet the costs of the scheme; and
- (d) distributing, applying or investing interest accrued, where the conditions in regulation 19 are met.

**19.** The conditions for withdrawal of sums under regulation 18(d) are—

- (a) the income derived from interest accrued exceeds that required for the purposes set out in regulation 18(a), (b) and (c);

- (b) the distribution, application or investment of that income will not adversely affect the sustainability of the tenancy deposit scheme or its ability to be self-financing within the meaning of regulation 14; and
- (c) where the income is to be invested, the proposed investment is in accordance with the strategies referred to in regulation 14(3).