

**CLIENT ASSETS REPORTING (AMENDMENT) INSTRUMENT 2011**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
  - (2) section 156 (General supplementary powers); and
  - (3) section 157 (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 1 June 2011.

**Amendments to the Handbook**

- D. (1) The Client Assets sourcebook (CASS) is amended in accordance with Annex A to this instrument.
- (2) Part 1 of Annex C to the Client Assets Sourcebook (Enhancement) Instrument 2010 (FSA 2010/52) (which amends the Supervision manual (SUP)) is amended in accordance with Annex B to this instrument.

**Citation**

- E. This instrument may be cited as the Client Assets Reporting (Amendment) Instrument 2011.

By order of the Board  
28 April 2011

## Annex A

## Amendments to the Client Assets sourcebook (CASS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

## 1A CASS firm classification and operational oversight

### 1A.1 Application

- 1A.1.1 R (1) Subject to (2) and (3), ~~This~~ ~~this~~ chapter applies to a *firm* to which either or both of CASS 6 (Custody rules) and CASS 7 (Client money rules) applies.
- (2) In relation to a *firm* to which CASS 5 (Client money: insurance mediation activity) and CASS 7 (Client money rules) apply, this chapter does not apply in relation to *client money* that a *firm* holds in accordance with CASS 5.
- (3) The rules and guidance in CASS 1A.2 apply to a *firm* even if at the date of the determination or, as the case may be, the notification, either or both of CASS 6 and CASS 7 do not apply to it, provided that:
- (a) either or both of those chapters applied to it during part or all of the previous calendar year; or
- (b) it projects that either or both will apply to it in the current calendar year.

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### 1A.2 CASS firm classification

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- 1A.2.8A R In addition, in relation to the calendar year ending on 31 December 2011, a CASS *small firm* must by 31 July 2011 notify the FSA in writing of:
- (1) the highest total amount of *client money* and the highest total value of *safe custody assets* held during the period between 1 January 2011 and 30 June 2011; or
- (2) if it did not hold *client money* or *safe custody assets* in that period, the highest total amount of *client money* and the highest total value of *safe custody assets* that the *firm* projects, as at the date of its notification to the FSA under this rule, it will hold between 1 July 2011 and 31 December 2011.

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1A.2.10 R For the purpose of the annual notification to which *CASS 1A.2.8R* and *CASS 1A.2.9R* refer, and for the purpose of the notification to which *CASS 1A.2.8AR* refers, a *firm* must apply the calculation *rule* in *CASS 1A.2.3R*.

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## Sch 2 Notification requirements

### Sch 2.1 G

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
...				
<u><i>CASS 1A.2.8AR</i></u>	The highest total amount of <i>client money</i> and the highest total value of <i>safe custody assets</i> held by a <i>CASS small firm</i> , as more fully described in <i>CASS 1A.2.8AR</i>	The highest total amount of <i>client money</i> and the highest total value of <i>safe custody assets</i> held by a <i>CASS small firm</i> , as more fully described in <i>CASS 1A.2.8AR</i>	The need to comply with <u><i>CASS 1A.2.8AR</i></u>	31 July 2011 unless contrary provision is made in <u><i>CASS 1A.2.8AR</i></u>
...				

## Annex B

### Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

The amendment to SUP 16.1.3R made by the Client Assets Sourcebook (Enhancement) Instrument 2010 (FSA 2010/52) is replaced with the following amendment.

- 16.1.3 R Application of different sections of SUP 16 (excluding SUP 16.13 and SUP 16.15)

(1) Section(s)	(2) Categories of firm to which section applies	(3) Applicable rules and guidance
...		
<i>SUP</i> 16.12	...	...
<u><i>SUP</i> 16.14</u>	<u><i>A CASS large firm and a CASS medium firm</i></u>	<u>Entire section</u>
...		

The text of SUP 16.14 as inserted by the Client Assets Sourcebook (Enhancement) Instrument 2010 (FSA 2010/52) is replaced with the following. The text is all new and is not underlined.

#### **16.14 Client money and asset return**

Application

- 16.14.1 R This section applies to a *CASS large firm* and a *CASS medium firm*.

Purpose

- 16.14.2 G The purpose of the *rules* and *guidance* in this section is to ensure that the *FSA* receives regular and comprehensive information from a *firm* which is able to hold *client money* and *safe custody assets* on behalf of its *clients*.

Report

- 16.14.3 R (1) *A firm* must submit a completed *CMAR* to the *FSA* within 15 *business days* of the end of each month.

- (2) In this *rule* month means a calendar month and *SUP* 16.3.13R(4) does not apply.

16.14.4 R For the purposes of the *CMAR*:

- (1) *client money* is that to which the *client money rules* in *CASS* 7 apply; and
- (2) *safe custody assets* are those to which the *custody rules* in *CASS* 6 apply.

16.14.5 G For the avoidance of doubt, the effect of *SUP* 16.14.4R(1) is that any *client money* held in accordance with *CASS* 5 is to be excluded from any calculations which the *CMAR* requires.

The text of *SUP* TP 1.13B as inserted by the Client Assets Sourcebook (Enhancement) Instrument 2010 (FSA 2010/52) is amended as follows.

**TP 1 Transitional Provisions**

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TP 1.2

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional Provision	Transitional provision: dates in force	Handbook provisions: coming into force
...					
13B	<i>SUP</i> 16.14.5R(2) [deleted]	R	In the case of a <i>CASS</i> <i>small firm</i> with a reporting period ending on 30 June 2011, that period begins on 1 June 2011	<del>1 June 2011</del> until 30 June 2011	<del>1 June 2011</del>

The text of the changes to SUP Schedule 2 as made by the Client Assets Sourcebook (Enhancement) Instrument 2010 (FSA 2010/52) is amended as follows.

**Sch 2 Notification requirements**

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Sch 2.2 G

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<b>Handbook reference</b>	<b>Matter to be notified</b>	<b>Contents of notification</b>	<b>Trigger event</b>	<b>Time allowed</b>
...	...	...	...	...
<i>SUP 16.13.3D to SUP 16.13.4D</i>	...	...	...	...
<i>SUP 16.14.5R</i>	<i>CMAR</i>	The items listed in the form contained in <i>SUP 16 Annex 29R</i>	For <i>CASS large firms</i> and <i>CASS medium firms</i> , the end of each <i>month</i> .  For <i>CASS small firms</i> , the conclusion of each <i>six month period ending on 30 June and 31 December</i> .	For <i>CASS large firms</i> and <i>CASS medium firms</i> , within 15 <i>business days</i> of the end of each <i>month</i> .  For <i>CASS small firms</i> , within 15 <i>business days</i> of the conclusion of each <i>six month period ending on 30 June and 31 December</i> .
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