

## Chapter 11

# Debt management client money chapter



## 11.2 Firm classification

- 11.2.1** **R** (1) A *CASS debt management firm* must, once every year and by the time it is required to make a notification in accordance with **■ CASS 11.2.4 R**, determine whether it is a *CASS large debt management firm* or a *CASS small debt management firm* according to the amount of *client money* which it held during the previous year or, if it did not hold *client money* during the previous year, according to the amount of *client money* it projects to hold in the following year, in each case using the limits set out in the table in **■ CASS 11.2.3 R**.
- (2) For the purpose of determining its '*CASS debt management firm type*' in accordance with **■ CASS 11.2.3 R**, a *CASS debt management firm* must:
- (a) if it currently holds *client money*, calculate the highest total amount of *client money* held during the previous calendar year ending on 31 December and use that figure to determine its '*CASS debt management firm type*';
  - (b) if it did not hold *client money* in the previous calendar year but projects that it will do so in the current calendar year, calculate the highest total amount of *client money* that it projects that it will hold during that year and use that figure to determine its '*CASS debt management firm type*'.

**11.2.2** **R** For the purpose of calculating the value of the total amounts of *client money* that it holds on any given *day* during a calendar year (in complying with **■ CASS 11.2.1 R**) a *CASS debt management firm* must base its calculation on accurate internal records of *client money* holdings. A *CASS large debt management firm* must do this using the internal reconciliations performed during the previous year that are prescribed in **■ CASS 11.11.13 R**. A *CASS small debt management firm* must use the records used in carrying out checks required of it under **■ CASS 11.11.8 R**.

**11.2.3** **R** CASS debt management firm types

CASS debt management firm type	Highest total amount of <i>client money</i> held during the <i>CASS debt management firm's</i> last calendar year or as the case may be that it projects that it will hold during the current calendar year
<i>CASS large debt management firm</i>	An amount equal to or greater than £1 million
<i>CASS small debt management firm</i>	Less than £1 million

**Notification**

- 11.2.4 **R** Once every calendar year, a *CASS debt management firm* must notify the *FCA*, in writing, of the information in (1), (2) or (3), as applicable, and the information in (4), in each case no later than the *day* specified in (1) to (4):
- (1) if it held *client money* in the previous calendar year, the highest total amount of *client money* held during the previous calendar year, notification of which must be made no later than the fifteenth *business day* of January; or
  - (2) if it did not hold *client money* in the previous calendar year but at any point up to the fifteenth *business day* of January the *firm* projects that it will do so in the current calendar year, the highest total amount of *client money* that the *firm* projects that it will hold during the current calendar year, notification of which must be made no later than the fifteenth *business day* of January; or
  - (3) in any other case, the highest total amount of *client money* that the *firm* projects that it will hold during the remainder of the current calendar year, notification of which must be made no later than the *business day* before the *firm* begins to hold *client money*; and
  - (4) in every case, of its '*CASS debt management firm type*' classification, notification of which must be made at the same time the *firm* makes the notification under (1), (2) or (3).

- 11.2.5 **R** For the purpose of the annual notification in **■ CASS 11.2.4 R**, a *CASS debt management firm* must apply the calculation *rule* in **■ CASS 11.2.2 R**.

**Option to be treated as a CASS large debt management firm**

- 11.2.6 **G** **■ CASS 11.2.7 R** provides a *CASS debt management firm* with the ability to opt in to a higher category of '*CASS debt management firm type*'. This may be useful for a *CASS debt management firm* whose holding of *client money* is near the upper categorisation limit for a *CASS small debt management firm*.

- 11.2.7 **R**
- (1) Notwithstanding **■ CASS 11.2.3 R**, provided that the conditions in (2) are satisfied, a *CASS debt management firm* that would otherwise be classified as a *CASS small debt management firm* under the limits provided for in **■ CASS 11.2.3 R** may elect to be treated as a *CASS large debt management firm*.
  - (2) The conditions to which (1) refers are that in either case:
    - (a) the election is notified to the *FCA* in writing;
    - (b) the notification in accordance with (a) is made at least one week before the election is intended to take effect; and
    - (c) the *FCA* has not objected.

**Effective date of firm type**

- 11.2.8 **R** A *firm's* '*CASS debt management firm type*' and any change to it takes effect:

- (1) if the *firm* notifies the *FCA* in accordance with ■ CASS 11.2.4 R (1) or ■ CASS 11.2.4 R (2), on 1 February following the notification; or
- (2) if the *firm* notifies the *FCA* in accordance with ■ CASS 11.2.4 R (3), on the *day* it begins to hold client money; or
- (3) if the *firm* makes an election under ■ CASS 11.2.7 R and provided the conditions in ■ CASS 11.2.7 R (2) are satisfied, on the *day* the notification made under ■ CASS 11.2.7 R (2)(a) states that the election is intended to take effect.

11.2.9

**G** Any written notification made to the *FCA* under this chapter should be marked for the attention of: "Debt Management Client Assets Firm Classification".