

Chapter 3

Collateral

3.2 Requirements

Application

- 3.2.1 **R** [deleted]
- 3.2.2 **R** A *firm* that receives or holds a *client's* assets under an arrangement to which this chapter applies and which exercises its right to treat the assets as its own must ensure that it maintains adequate records to enable it to meet any future obligations including the return of equivalent assets to the *client*.
- 3.2.3 **G** If the *firm* has the right to use the *client's* asset under a "right to use arrangement" but has not yet exercised its right to treat the asset as its own, the *client money rules* or the *custody rules* will continue to apply as appropriate until such time as the *firm* exercises its right, at which time **■** CASS 3.2.2 R will apply.
- 3.2.4 **G** When appropriate, *firms* that enter into the arrangements with *retail clients* covered in this chapter will be expected to identify in the statement of *custody assets* sent to the *client* in accordance with **■** COBS 16.4 (Statements of client designated investments or client money), article 63 of the *MiFID Org Regulation* (see **■** COBS 16A.5) or **■** CASS 9.5 (Reporting to clients on request) details of the assets which form the basis of the arrangements. Where the *firm* utilises global netting arrangements, a statement of the assets held on this basis will suffice.