

# Chapter 1

## Application and general provisions

## 1.2 General application: who? what?

### General application: who?

- 1.2.1 **G** The *rules* in ■ CASS 1.2 set out the maximum scope of this sourcebook. The application of CASS is modified for certain activities by 1 ■ CASS 1.4. Also particular chapters or sections of CASS may have provisions which limit their application.
- 1.2.2 **R** CASS applies to every *firm*, except as provided for in ■ CASS 1.2.3 R, with respect to the carrying on of:
- (1) all *regulated activities* except to the extent that a provision of CASS provides for a narrower application; and
  - (2) *unregulated activities* to the extent specified in any provision of CASS.
- 1.2.3 **R** CASS does not apply to:
- (1) an *ICVC*; or
  - (2) an *incoming EEA firm* other than an *insurer*, with respect to its *passported activities*; or
  - (3) a *UCITS qualifier*.
- 1.2.4 **R** With the exception of this chapter and the *insurance client money chapter*, CASS does not apply to:
- (1) an *authorised professional firm* with respect to its *non-mainstream regulated activities*; or
  - (2) the *Society*.
- 1.2.5 **R** The *insurance client money chapter* does not apply to an *authorised professional firm* with respect to its *non-mainstream regulated activities*, which are *insurance distribution activities*, if:
- (1) the *firm's designated professional body* has made rules which implement article 10.6 of the *IDD*;
  - (2) those rules have been approved by the *FCA* under section 332(5) of the *Act*; and

- (3) the *firm* is subject to the rules in the form in which they were approved.
- 1.2.5A G
  - (1) In the *client money chapter* and the *insurance client money chapter*, an *insurance undertaking* acts as such when it carries on the business of *effecting or carrying out contracts of insurance*.
  - (2) An *insurance undertaking* does not act as such when it enters into a *reinsurance contract* as a client of the *reinsurer*.

1.2.6 G [deleted]

**General application: what?**

- 1.2.7 G
  - (1) [deleted]
  - (2) [deleted]
  - (3) [deleted]
  - (3A) [deleted]
  - (4) [deleted]
  - (5) [deleted]
  - (6) [deleted]
  - (7) The *debt management client money chapter* applies to *CASS debt management firms* receiving or holding *client money* for, or on behalf of, a client in the course of or in connection with *debt management activity*.

**Application for retail clients, professional clients and eligible counterparties**

- 1.2.8 G
  - (1) CASS applies directly in respect of activities conducted with or for all categories of clients.
  - (2) [deleted]
  - (3) The *insurance client money chapter* does not generally distinguish between different categories of *client*. However, the term *consumer* is used for those to whom additional obligations are owed, rather than the term *retail client*. This is to be consistent with the *client* categories used in the Insurance: New Conduct of Business sourcebook.
  - (4) Each provision in the *collateral rules*, *custody chapter*, the *client money chapter* and ■ CASS 9 (Information to clients) makes it clear whether it applies to activities carried on for *retail clients*, *professional clients* or both.
  - (4A) There is no further modification of the *rules* in the chapters referred to in (4) for activities carried on for *eligible counterparties*. Such

*clients* are treated in the same way as other *professional clients* for the purposes of these *rules*.

- (5) The *debt management client money chapter* generally applies in respect of relevant dealings with the client category known as *customers*. In general, the client categories of *retail clients*, *professional clients*, as well as *eligible counterparties*, have no relevance to *credit-related regulated activities*, including *debt management activities*.

1.2.9 G [deleted]

**Application for affiliates**

- 1.2.9A G
  - (1) The fact that a *firm's client* is an *affiliated company* for *MiFID business* does not affect the operation of CASS to the *firm* in relation to that *client*.
  - (2) For business that is not *MiFID business*, the operation of the *custody chapter* or the *client money chapter* may differ if a *firm's client* is an *affiliated company* and depending on certain other conditions (see, for example, ■ CASS 6.1.10B R and ■ CASS 7.10.26 R).

**Investments and money held under different regimes**

1.2.10 R [deleted]

- 1.2.11 R
  - (1) A *firm* must not keep *money* in respect of which any one of the following chapters applies in the same *client bank account* or *client transaction account* as *money* in respect of which another of the following chapters applies:
    - (a) the *client money chapter*;
    - (b) the *insurance client money chapter*;
    - (c) the *debt management client money chapter*.
  - (2) In accordance with ■ CASS 7.10.36 R, a *firm* which is subject to the *client money chapter* and holds *money* both (i) in its capacity as a *trustee firm* and (ii) other than in its capacity as a *trustee firm* must not keep *money* held in its capacity as a *trustee firm* in the same *client bank account* or *client transaction account* as *money* held other than in its capacity as a *trustee firm*.
  - (3) To the extent that the restriction under (1) or (2) applies to a *firm*, the *client bank accounts* and *client transaction accounts* that a *firm* holds in respect of different chapters or in its different capacities (as the case may be) must be separately designated.

1.2.12 G The purpose of the *rules* regarding the segregation of investments and *money* held under different regimes is to reduce the risk of confusion between assets held under different regimes either on an on-going basis or on the *failure* of a *firm* or a third party holding those assets.

1.2.13

**G**

A *firm* may, where permitted by the relevant *rules* opt to hold under a single chapter *money* that would otherwise be held under different chapters (see ■ CASS 7.10.3 R and ■ CASS 7.10.30 R). However, making such an election does not remove the requirement under ■ CASS 1.2.11R (1).

1