

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 an *ICVC*.
- 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*.

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| | | (5) The <i>debt management client money chapter</i> generally applies in respect of relevant dealings with the client category known as <i>customers</i> . In general, the client categories of <i>retail clients</i> , <i>professional clients</i> , as well as <i>eligible counterparties</i> , have no relevance to <i>credit-related regulated activities</i> , including <i>debt management activities</i> . |
| 1.2.9 | G | [deleted] |
| | | Application for affiliates |
| 1.2.9A | G | <p>(1) The fact that a <i>firm's client</i> is an <i>affiliated company</i> for <i>MiFID business</i> does not affect the operation of CASS to the <i>firm</i> in relation to that <i>client</i>.</p> <p>(2) For business that is not <i>MiFID business</i>, the operation of the <i>custody chapter</i> or the <i>client money chapter</i> may differ if a <i>firm's client</i> is an <i>affiliated company</i> and depending on certain other conditions (see, for example, ■ CASS 6.1.10B R and ■ CASS 7.10.26 R).</p> |
| | | Investments and money held under different regimes |
| 1.2.10 | R | [deleted] |
| 1.2.11 | R | <p>(1) A <i>firm</i> must not keep <i>money</i> in respect of which any one of the following chapters applies in the same <i>client bank account</i> or <i>client transaction account</i> as <i>money</i> in respect of which another of the following chapters applies:</p> <ul style="list-style-type: none"> (a) the <i>client money chapter</i>; (b) the <i>insurance client money chapter</i>; (c) the <i>debt management client money chapter</i>. <p>(2) In accordance with ■ CASS 7.10.36 R, a <i>firm</i> which is subject to the <i>client money chapter</i> and holds <i>money</i> both (i) in its capacity as a <i>trustee firm</i> and (ii) other than in its capacity as a <i>trustee firm</i> must not keep <i>money</i> held in its capacity as a <i>trustee firm</i> in the same <i>client bank account</i> or <i>client transaction account</i> as <i>money</i> held other than in its capacity as a <i>trustee firm</i>.</p> <p>(3) To the extent that the restriction under (1) or (2) applies to a <i>firm</i>, the <i>client bank accounts</i> and <i>client transaction accounts</i> that a <i>firm</i> holds in respect of different chapters or in its different capacities (as the case may be) must be separately designated.</p> |
| 1.2.12 | G | The purpose of the <i>rules</i> regarding the segregation of investments and <i>money</i> 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 <i>failure</i> of a <i>firm</i> or a third party holding those assets. |

1.2.13

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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).

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