Chapter 7

Client money rules
7.11 Treatment of client money

Title transfer collateral arrangements

7.11.1 A firm must not enter into a TTCA in respect of money belonging to a retail client. Where a firm entered into a TTCA in respect of money belonging to a retail client (or money which would belong to a retail client but for the arrangement) before 3 January 2018, the firm must terminate that TTCA.

[Note: article 16(10) of MiFID and article 5(5) of the MiFID Delegated Directive]

Money that is subject to a TTCA does not amount to client money, provided that the TTCA is not with a retail client.

[Note: recital 52 to MiFID]

7.11.2 [deleted]

7.11.3 (1) A firm must ensure that any TTCA is the subject of a written agreement made on a durable medium between the firm and the client.

(2) Regardless of the form of the written agreement in (1) (which may have additional commercial purposes), it must cover the client’s agreement to:

(a) the terms for the arrangement relating to the transfer of the client’s full ownership of money to the firm;

(b) any terms under which the ownership of money is to transfer from the firm back to the client; and

(c) (to the extent not covered by the terms under (b)), any terms for the termination of:

(i) the arrangement under (a); or

(ii) the overall agreement in (1).
(3) A firm must retain a copy of the agreement under (1) from the date the agreement is entered into and until five years after the agreement is terminated.

7.11.4 G
The terms referred to in CASS 7.11.3 R (2)(b) may include, for example, terms under which the arrangement relating to the transfer of full ownership of money to the firm is not in effect from time to time, or is contingent on some other condition.

7.11.4A R
(1) A firm must properly consider and document the use of TTCAs in the context of the relationship between the client’s obligation to the firm and the money subjected to TTCAs by the firm.

(2) A firm must be able to demonstrate that it has complied with the requirement under (1).

(3) When considering, and documenting, the appropriateness of the use of TTCAs, a firm must take into account the following factors:

   (a) whether there is only a very weak connection between the client’s obligation to the firm and the use of TTCAs, including whether the likelihood of a liability arising is low or negligible;

   (b) the extent by which the amount of money subject to a TTCA is in excess of the client’s obligations (including where the TTCA applies to all money from the point of receipt by the firm) and whether the client might have no obligations at all to the firm; and

   (c) whether all the client’s money is made subject to TTCAs, without consideration of what obligation the client has to the firm.

(4) Where a firm uses a TTCA, it must highlight to the client the risks involved and the effect of any TTCA on the client’s money.

[Note: article 6 of the MiFID Delegated Directive]

7.11.5 G [deleted]

7.11.6 G
Where a firm has received full title or full ownership to money under a collateral arrangement, the fact that it has also granted a security interest to its client to secure its obligation to repay that money to the client would not result in the money being client money. This can be compared to a situation in which a firm takes a charge or other security interest over money held in a client bank account, where that money would still be client money as there would be no absolute transfer of title to the firm. However, where a firm has received client money under a security interest and the security interest includes a "right to use arrangement", under which the client agrees to transfer all of its rights to money in that account to the firm upon the exercise of the right to use, the money may cease to be client money, but only once the right to use is exercised and the money is transferred out of the client bank account to the firm.
Firms are reminded of the client’s best interest rule, which requires a firm to act honestly, fairly and professionally in accordance with the best interests of its clients when structuring its business particularly in respect of the effect of that structure on firms’ obligations under the client money rules.

**Termination of title transfer collateral arrangements**

(1) If a client communicates to a firm that it wishes (whether pursuant to a contractual right or otherwise) to terminate a TTCA, and the client’s communication is not in writing, the firm must make a written record of the client’s communication, which also records the date the communication was received.

(2) A firm must keep a client’s written communication, or a written record of the client’s communication in (1), for five years starting from the date the communication was received by the firm.

(3) (a) If a firm agrees to the termination of a TTCA, it must notify the client of its agreement in writing. The notification must state when the termination is to take effect and whether or not the client’s money will be treated as client money by the firm thereafter.

(b) If a firm does not agree to terminate a TTCA, it must notify the client of its disagreement in writing.

(4) A firm must keep a written record of any notification it makes to a client under (3) for a period of five years, starting from the date the notification was made.

■ CASS 7.11.9 R (3)(a) refers only to a firm’s agreement to terminate an existing TTCA. Such agreement by a firm does not necessarily need to amount to the termination of its entire agreement with the client.

When a firm notifies a client under ■ CASS 7.11.9 R (3)(a) of when the termination of a TTCA is to take effect, it should take into account:

(1) any relevant terms relating to such a termination that have been agreed with the client; and

(2) the period of time it reasonably requires to return the money to the client, or to update its records under ■ CASS 7.15 (Records, accounts and reconciliations) and to segregate the money as client money under ■ CASS 7.13 (Segregation of client money).

If a TTCA is terminated then, unless otherwise permitted under the client money rules and notified to the client under ■ CASS 7.11.9R(3)(a), the firm must treat that money as client money from the start of the next business day following the date of termination as set out in the firm’s notification under ■ CASS 7.11.9R (3)(a).
Where the firm’s notification under CASS 7.11.9R(3)(a) does not state when the termination of the arrangement will take effect, the firm must treat that money as client money from the start of the next business day following the date on which the firm’s notification is made.

### 7.11.13

A firm to which CASS 7.11.12 R applies should, for example, update its records under CASS 7.15 (Records, accounts and reconciliations) and segregate the money as client money under CASS 7.13 (Segregation of client money), from the relevant time at which the firm is required to treat the money as client money.

#### Delivery versus payment transaction exemption

(1) Subject to (2) and CASS 7.11.16 R and with the agreement of the relevant client, money need not be treated as client money in respect of a delivery versus payment transaction through a commercial settlement system if:

(a) in respect of a client’s purchase the firm intends for the money from the client to be due to it within one business day following the firm’s fulfilment of its delivery obligation to the client; or

(b) in respect of a client’s sale, the firm intends for the money in question to be due to the client within one business day following the client’s fulfilment of its delivery obligation to the firm.

(2) If the payment or delivery by the firm to the client has not occurred by the close of business on the third business day following the date on which the firm makes use of the exemption under (1), the firm must stop using that exemption for the transaction.

### 7.11.15

[deleted]

### 7.11.16

A firm cannot, in respect of a particular delivery versus payment transaction, make use of the exemption under CASS 7.11.14 R in either or both of the following circumstances:

(1) it is not a direct member or participant of the relevant commercial settlement system, nor is it sponsored by such a member or participant, in accordance with the terms and conditions of that commercial settlement system;

(2) the transaction in question is being settled by another person on behalf of the firm through an account held at the relevant commercial settlement system by that other person.

### 7.11.17

Where a firm does not meet the requirements in CASS 7.11.14 R or CASS 7.11.16 R for the use of the exemption in CASS 7.11.14 R, the firm is subject to the client money rules in respect of any money it holds in connection with the delivery versus payment transaction in question.
7.11.18  G

(1) In line with CASS 7.11.14 R, where a firm receives money from the client in fulfilment of the client’s payment obligation in respect of a delivery versus payment transaction the firm is carrying out through a commercial settlement system in respect of a client’s purchase, and the firm has not fulfilled its delivery obligation to the client by close of business on the third business day following the date of the client’s fulfilment of its payment obligation to the firm, the firm must treat the client money in accordance with the client money rules until delivery by the firm to the client occurs.

(2) Upon settlement of a delivery versus payment transaction a firm is carrying out through a commercial settlement system (including when it is settled within the three business day period referred to in CASS 7.11.14 R (2)) then, in respect of:

(a) a client’s purchase, the custody rules apply to the relevant safe custody asset the firm receives upon settlement; and

(b) a client’s sale, the client money rules will apply to the relevant money received on settlement.

7.11.19  R

A firm will not be in breach of the requirement under CASS 7.13.6 R to receive client money directly into a client bank account if it:

(1) receives the money in question:

(a) in accordance with CASS 7.11.14 R (1)(a) but it is subsequently required under CASS 7.11.14 R (2) to hold that money in accordance with the client money rules; or

(b) in the circumstances referred to in CASS 7.11.18 G (2)(b); and

(2) pays the money in question into a client bank account promptly, and in any event by close of business on the business day following:

(a) the expiration of the relevant period referred to in CASS 7.11.14 R (2); or

(b) receipt of the money in the circumstances referred to in CASS 7.11.18 G (2)(b).

7.11.20  R

(1) If a firm makes use of the exemption under CASS 7.11.14 R, it must obtain the client’s written agreement to the firm’s use of the exemption.

(2) In respect of each client, the record created in (1) must be retained during the time that the firm makes use, or intends to make use, of the exemption under CASS 7.11.14 R in respect of that client’s monies.

7.11.21  R

(1) Subject to (2)(a), money need not be treated as client money:

(a) in respect of a delivery versus payment transaction for the purpose of settling a transaction in relation to units in a regulated collective investment scheme in either of the following circumstances:

(i) the authorised fund manager receives the money from a client in relation to the authorised fund manager’s obligation
(ii) the money is held in the course of redeeming units where the proceeds of that redemption are paid to a client within the time specified in COLL.

(2) (a) Where, in respect of money received in any of the circumstances set out in (1), the authorised fund manager has not, by close of business on the business day following the date of receipt of the money, paid this money to the depositary of an AUT or ACS, the ICVC or to the client as the case may be, the authorised fund manager must stop using the exemption under (1) for that transaction.

(b) Paragraph (2)(a) does not prevent a firm transferring client money segregated under (2)(a) into the firm’s own account, provided this is done only for the purpose of making a payment on the same day from that account in accordance with CASS 7.11.34R(1) to CASS 7.11.34R(3) (Discharge of fiduciary duty).

An authorised fund manager will not be in breach of the requirement under CASS 7.13.6R to receive client money directly into a client bank account if it received the money in accordance with CASS 7.11.21 R (1) and is subsequently required under CASS 7.11.21 R (2) to hold that money in accordance with the client money rules.

Where proceeds of redemption paid to the client in accordance with CASS 7.11.21 R (1)(a)(ii) are paid by cheque, the cheque should be issued from the relevant client bank account.

(1) If a firm makes use of the exemption under CASS 7.11.21 R, it must obtain the client’s written agreement to the firm’s use of the exemption.

(2) In respect of each client, the record created in (1) must be retained for the duration of the time that the firm makes use of the exemption under CASS 7.11.21 R in respect of that client’s money.

Money due and payable to the firm

(1) Money is not client money when it becomes properly due and payable to the firm for its own account.

(2) For these purposes, if a firm makes a payment to, or on the instructions of, a client, from an account other than a client bank account, until that payment has cleared, no equivalent sum from a client bank account for reimbursement will become due and payable to the firm.

Money will not become properly due and payable to the firm merely through the firm holding that money for a specified period of time. If a firm wishes to cease to hold client money for a client it must comply with
Money held as client money becomes due and payable to the firm or for the firm’s own account, for example, because the firm acted as principal in the contract or the firm, acting as agent, has itself paid for securities in advance of receiving the purchase money from its client. The circumstances in which it is due and payable will depend on the contractual arrangement between the firm and the client.

Firms are reminded that, notwithstanding that money may be due and payable to them, they have a continuing obligation to segregate client money in accordance with the client money rules. In particular, in accordance with CASS 7.15.2 R, firms must ensure the accuracy of their records and accounts and are reminded of the requirement to carry out internal client money reconciliations either in accordance with the standard methods of internal client money reconciliation or the requirements for a non-standard method of internal client money reconciliation.

When a client’s obligation or liability, which is secured by that client’s asset, crystallises, and the firm realises the asset in accordance with an agreement entered into between the client and the firm, the part of the proceeds of the asset to cover such liability that is due and payable to the firm is not client money. However, any proceeds of sale in excess of the amount owed by the client to the firm should be paid over to the client immediately or be held in accordance with the client money rules.

Commission rebate

When a firm has entered into an arrangement under which commission is rebated to a client, those rebates need not be treated as client money until they become due and payable to the client in accordance with the terms of the contractual arrangements between the parties.

When commission rebate becomes due and payable to the client, the firm should:

1. treat it as client money; or
2. pay it out in accordance with the rule regarding the discharge of a firm’s fiduciary duty to the client (see CASS 7.11.34 R);

unless the firm and the client have entered into an arrangement under which the client has agreed to transfer full ownership of this money to the firm as collateral against payment of future professional fees (see CASS 7.11 (Title transfer collateral arrangements)).

Interest

A firm must pay a retail client any interest earned on client money held for that client unless it has otherwise notified him in writing.
(1) The firm may, under the terms of its agreement with the client, pay some, none, or all interest earned to the relevant client.

(2) Where interest is payable on client money by a firm to clients:

(a) such sums are client money and so, if not paid to, or to the order of the clients, are required to be segregated in accordance with §CASS 7.13 (Segregation of client money);

(b) the interest should be paid to clients in accordance with the firm’s agreement with each client; and

(c) if the firm’s agreement with the client is silent as to when interest should be paid to the client the firm should follow §CASS 7.13.36 R (Allocation of client money receipts); irrespective of whether the client is a retail client or otherwise.

Discharge of fiduciary duty

(1) §CASS 7.11.34R(2)(c), §CASS 7.11.34R(2)(d) and §CASS 7.11.34R(10) do not apply to a firm following a primary pooling event.

(2) §CASS 7.11.34R(2)(e) only applies to a firm following a primary pooling event.

Money ceases to be client money (having regard to §CASS 7.11.40 R where applicable) if:

(1) it is paid to the client, or a duly authorised representative of the client; or

(2) it is:

(a) paid to a third party on the instruction of, or with the specific consent of, the client unless it is transferred to a third party in the course of effecting a transaction under §CASS 7.14.2 R (Transfer of client money to a third party); or

(b) paid to a third party pursuant to an obligation on the firm where:

(i) that obligation arises under an enactment; and

(ii) the obligation under that enactment is applicable to the firm as a result of the nature of the business being undertaken by the firm for its client; or

(c) transferred in accordance with §CASS 7.11.42 R; or

(d) transferred in accordance with §CASS 7.11.44 R; or

(e) transferred in accordance with §CASS 7A.2.4R(4); or

(3) subject to §CASS 7.11.39R, it is paid into a bank account of the client (not being an account which is also in the name of the firm); or

(4) it is due and payable to the firm in accordance with §CASS 7.11.25 R (Money due and payable to the firm); or

(5) it is paid to the firm as an excess in the client bank account (see §CASS 7.15.29 R (2) (Reconciliation discrepancies)); or
(6) it is paid by an *authorised central counterparty* to a clearing member other than the *firm* in connection with a *porting* arrangement in accordance with CASS 7.11.35 R; or

(7) it is paid by an *authorised central counterparty* directly to the *client* in accordance with CASS 7.11.36 R; or

(8) it is transferred by the *firm* to a *clearing member* in connection with a *regulated clearing arrangement* and the *clearing member* remits payment to another *firm* or to another *clearing member* in accordance with CASS 7.11.37 R (1); or

(9) it is transferred by the *firm* to a *clearing member* in connection with a *regulated clearing arrangement* and the *clearing member* remits payment directly to the *indirect clients* of the *firm* in accordance with CASS 7.11.37 R (2); or

(10) it is paid to charity under CASS 7.11.50 R or CASS 7.11.57 R.

### 7.11.35 R

*Client money* which the *firm* places at an *authorised central counterparty* in connection with a *regulated clearing arrangement* ceases to be *client money* for that *firm* if, as part of the default management process of that *authorised central counterparty* in respect of a default by the *firm*, it is ported by the *authorised central counterparty* in accordance with article 48 of EMIR.

### 7.11.36 R

*Client money* which the *firm* places at an *authorised central counterparty* in connection with a *regulated clearing arrangement* ceases to be *client money* if, as part of the default management process of that *authorised central counterparty* in respect of a default by the *firm*, it is paid directly to the *client* by the *authorised central counterparty* in accordance with the procedure described in article 48(7) of EMIR.

### 7.11.37 R

*Client money* received or held by the *firm* and transferred to a *clearing member* who facilitates indirect clearing through a *regulated clearing arrangement* ceases to be *client money* for that *firm* and, if applicable, the *clearing member*, if the *clearing member* in accordance with the EMIR indirect clearing default management obligations or the MiFIR indirect clearing default management obligations (as applicable):

1. remits payment to another *firm* or to another *clearing member*; or

2. remits payment to the *indirect clients* of the *firm*.

### 7.11.38 R

*Client money* received or held by the *firm* for a *sub-pool* ceases to be *client money* for that *firm* to the extent that such *client money* is transferred by the *firm* to an *authorised central counterparty* or a *clearing member* as a result of *porting*.

### 7.11.39 R

A *firm* must not pay *client money* into a bank account of the *client* that has been opened without the consent of that *client*. 
When a **firm** draws a cheque or other payable order to discharge its fiduciary duty to the **client**, it must continue to treat the sum concerned as **client money** until the cheque or order is presented and paid by the bank.

### Transfer of business

**CASS 7.11.41** to **CASS 7.11.47** do not apply to a **firm** following a primary pooling event.

**CASS 7A.2.4R(4)** (Pooling and distribution or transfer) applies to a **firm** in respect of transfers of **client money** to another **person** following a primary pooling event.

A **firm** may transfer **client money** to a third party as part of transferring all or part of its business if, in respect of each **client** with an interest in the **client money** that is sought to be transferred, it:

1. obtains the consent or instruction of that **client** at the time of the transfer of business (see **CASS 7.11.34 R (2)(a)**; or
2. complies with **CASS 7.11.42 R** (see **CASS 7.11.34 R (2)(c)**; or
3. complies with **CASS 7.11.44 R** (see **CASS 7.11.34 R (2)(d)**).

Subject to **CASS 7.11.44 R**, money ceases to be **client money** for a **firm** if:

1. it is transferred by the **firm** to another **person** as part of a transfer of business to that person where the **client money** relates to the business being transferred;
2. it is transferred on terms which require the other **person** to return a **client's** transferred sums to the **client** as soon as practicable at the **client's** request;
3. a written agreement between the **firm** and the relevant **client** provides that:
   1. the **firm** may transfer the **client's** **client money** to another **person**; and
   2. (i) the sums transferred will be held by the **person** to whom they are transferred in accordance with the **client money rules** for the **clients**; or
      1. if not held in accordance with (i), the **firm** will exercise all due skill, care and diligence in assessing whether the **person** to whom the **client money** is transferred will apply adequate measures to protect these sums; and
3. (4) the **firm** complies with the requirements in (3)(b)(ii) (if applicable).

In considering how and whether to introduce the written agreement referred to in **CASS 7.11.42 R (3)**, **firms** should have regard to any relevant
obligations to clients, including requirements under the Unfair Terms Regulations.

Transfer of business: de minimis sums

7.11.44 R

(1) Client money belonging to those categories of clients set out in (2) and in respect of those amounts set out in (2) ceases to be client money of the firm if it is transferred by the firm to another person:

(a) as part of a transfer of business to that other person where these sums relate to the business being transferred; and

(b) on terms which require the other person to return a client's transferred sums as soon as practicable at the client's request.

(2) (a) For retail clients the amount is £25.

(b) For all other clients the amount is £100.

7.11.45 G

For the avoidance of doubt, sums transferred under CASS 7.11.44 R do not, for the purposes of that rule, require the instruction or specific consent of each client at the time of the transfer or a written agreement as set out in CASS 7.11.42 R (3).

Transfer of business: client notifications

7.11.46 R

Where a firm transfers client money belonging to its clients under either or both of CASS 7.11.42 R and CASS 7.11.44 R it must ensure that those clients are notified no later than seven days after the transfer taking place:

(1) whether or not the sums will be held by the person to whom they have been transferred in accordance with the client money rules and if not how the sums being transferred will be held by that person;

(2) the extent to which the sums transferred will be protected under a compensation scheme; and

(3) that the client may opt to have the client's transferred sum returned to it as soon as practicable at the client's request.

7.11.47 R

The firm must notify the FCA of its intention to effect any transfer of client money under either or both of CASS 7.11.42 R and CASS 7.11.44 R at least seven days before it transfers the client money in question.

Allocated but unclaimed client money

7.11.47A R

CASS 7.11.48G to CASS 7.11.58G do not apply to a firm following a primary pooling event.

7.11.47B G

CASS 7A.2.6AR (Closing a client money pool) applies to a firm following a primary pooling event in respect of allocated but unclaimed client money.
The purpose of CASS 7.11.50 R is to set out the requirements firms must comply with in order to cease to treat as client money any unclaimed balance which is allocated to an individual client.

Before acting in accordance with CASS 7.11.50 R to CASS 7.11.58 G, a firm should consider whether its actions are permitted by law and consistent with the arrangements under which the client money is held. For the avoidance of doubt, these provisions relate to a firm’s obligations as an authorised person and to the treatment of client money under the client money rules.

A firm may pay away to a registered charity of its choice a client money balance which is allocated to a client and if it does so the released balance will cease to be client money under CASS 7.11.34 R (10), provided:

1. this is permitted by law and consistent with the arrangements under which the client money is held;
2. the firm held the balance concerned for at least six years following the last movement on the client’s account (disregarding any payment or receipt of interest, charges or similar items);
3. it can demonstrate that it has taken reasonable steps to trace the client concerned and to return the balance; and
4. the firm complies with CASS 7.11.54 R.

Where the client money balance held by a firm is, in aggregate, £100 or less for a client other than a retail client or, for a retail client, £25 or less, the firm may comply with CASS 7.11.57 R instead of CASS 7.11.50 R.

(1) Taking reasonable steps in CASS 7.11.50 R (3) includes following this course of conduct:

(a) determining, as far as reasonably possible, the correct contact details for the relevant client;

(b) writing to the client at the last known address either by post or by electronic mail to inform it of the firm’s intention to no longer treat the client money balance as client money and to pay the sums concerned to charity if the firm does not receive instructions from the client within 28 days;

(c) where the client has not responded after the 28 days referred to in (b), attempting to communicate the information set out in (b) to the client on at least one further occasion by any means other than that used in (b) including by post, electronic mail, telephone or media advertisement;

(d) subject to (e) and (f), where the client has not responded within 28 days following the most recent communication, writing again to the client at the last known address either by post or by electronic mail to inform them that:

(i) as the firm did not receive a claim for the relevant client money balance, it will in 28 days pay the balance to a registered charity; and
(ii) an undertaking will be provided by the firm or a member of its group to pay to the client concerned a sum equal to the balance paid away to charity in the event of the client seeking to claim the balance in future;

(e) if the firm has carried out the steps in (b) or (c) and in response has received positive confirmation in writing that the client is no longer at a particular address, the firm should not use that address for the purposes of (d);

(f) if, after carrying out the steps in (a), (b) and (c), the firm has obtained positive confirmation that none of the contact details it holds for the relevant client are accurate or, if utilised, the communication is unlikely to reach the client, the firm does not have to comply with (d); and

(g) waiting a further 28 days following the most recent communication under this rule before paying the balance to a registered charity.

(2) Compliance with (1) may be relied on as tending to establish compliance with CASS 7.11.50 R.

(3) Contravention of (1) may be relied on as tending to establish contravention of CASS 7.11.50 R.

For the purpose of CASS 7.11.52 E (1)(a), a firm may use any available means to determine the correct contact details for the relevant client, including telephoning the client, searching internal records, media advertising, searching public records, mortality screening, using credit reference agencies or tracing agents.

(1) Where a firm wishes to release a balance allocated to an individual client under CASS 7.11.50 R it must comply with either (a) or (b) and, in either case, (2):

(a) the firm must unconditionally undertake to pay to the client concerned a sum equal to the balance paid away to charity in the event of the client seeking to claim the balance in future;

or

(b) the firm must ensure that an unconditional undertaking in the terms set out in (a) is made by a member of its group and there is suitable information available for relevant clients to identify the member of the group granting the undertaking.

(2) The undertakings in this rule must be:

(a) authorised by the firm’s governing body where (1)(a) applies or by the governing body of the group member where (1)(b) applies;

(b) legally enforceable by any person who had a legally enforceable claim to the balance in question at the time it was released by the firm, or by an assign or successor in title to such claim; and

(c) retained by the firm, and where (1)(b) applies, by the group member indefinitely.
(1) If a firm pays away client money under CASS 7.11.50 R (4) it must make and retain, or where the firm already has such records, retain:

(a) records of all balances released from client bank accounts under CASS 7.11.50 R (including details of the amounts and the identity of the client to whom the money was allocated);

(b) all relevant documentation (including charity receipts); and

(c) details of the communications the firm had or attempted to make with the client concerned pursuant to CASS 7.11.50 R (3).

(2) The records in (1) must be retained indefinitely.

(3) If a member of the firm’s group has provided an undertaking under CASS 7.11.54 R (2) then the records in (1) must be readily accessible to that group member.

De minimis amounts of unclaimed client money

The purpose of CASS 7.11.57 R is to allow a firm to pay away to charity client money balances of (i) £25 or less for retail clients or (ii) £100 or less for other clients when those balances remain unclaimed. If a firm follows this process, the money will cease to be client money (see CASS 7.11.34 R (10)).

A firm may pay away to a registered charity of its choice a client money balance which is allocated to a client and if it does so the released balance will cease to be client money under CASS 7.11.34 R (10):

(1) the balance in question is (i) for a retail client, in aggregate, £25 or less, or (ii) for a professional client, in aggregate, £100 or less;

(2) the firm held the balance concerned for at least six years following the last movement on the client’s account (disregarding any payment or receipt of interest, charges or similar items);

(3) the firm has made at least one attempt to contact the client to return the balance using the most up-to-date contact details the firm has for the client, and the client has not responded to such communication within 28 days of the communication having been made; and

(4) the firm makes and/or retains records of all balances released from client bank accounts in according with this rule. Such records must include the information in CASS 7.11.55 R (1)(a) and CASS 7.11.55 R (1)(b).

Costs associated with paying away allocated but unclaimed client money

Any costs associated with the firm ceasing to treat unclaimed client money balances as client money pursuant to CASS 7.11.50 R to CASS 7.11.57 R should be paid for from the firm’s own funds, including:
(1) any costs associated with the firm carrying out the steps in CASS 7.11.50 R (3), CASS 7.11.51 G or CASS 7.11.57 R (3); and

(2) the cost of any insurance purchased by a firm or the relevant member of its group to cover any legally enforceable claim in respect of the client money paid away.