

## Chapter 7A

# Client money distribution and transfer

7A



7A.1 Application and purpose

Application

- 7A.1.1
- R
- Subject to ■ CASS 7A.1.1A R, this chapter (the *client money distribution and transfer rules*) applies to a *firm* that holds *client money* which is subject to the *client money rules* when a pooling event occurs.
- 7A.1.1A
- R
- The *client money distribution and transfer rules* do not apply to any *client money* held by a *trustee firm* under ■ CASS 7.10.34R to ■ CASS 7.10.40G.
- 7A.1.1B
- G
- As a result of ■ CASS 7A.1.1A R, the *client money distribution and transfer rules* relating to *primary pooling events* and *secondary pooling events* will not affect any *client money* held by a *firm* in its capacity as *trustee firm*. Instead, the treatment of that *client money* will be determined by the terms of the relevant instrument of trust or by applicable law. However, the *client money distribution and transfer rules* do apply to a *firm* for any *client money* that it holds other than in that capacity which is subject to the *client money rules*.

Purpose

- 7A.1.2
- G
- The *client money distribution and transfer rules* set out the required treatment of *client money* on the occurrence of a pooling event so that where:

(1) for example, a *firm fails* (but also in other situations where a primary pooling event occurs), the rules in ■ CASS 7A.2 (Primary pooling events) facilitate the return or transfer of *client money*; and

(2) a *person* at which the *firm* holds *client money fails*, the rules in ■ CASS 7A.3 (Secondary pooling events) allocate any loss of *client money* among certain of the *firm's clients*.