

Chapter 7A

Client money distribution and transfer



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*.