16.14 Client money and asset return

Application

16.14.1 R This section applies to a CASS large firm and a CASS medium firm.

Purpose

16.14.2 G The purpose of the rules and guidance in this section is to ensure that the FCA receives regular and comprehensive information from a firm which is able to hold client money and safe custody assets on behalf of its clients.

Report

16.14.3 R (1) Subject to (3), a firm must submit a completed CMAR to the FCA within 15 business days of the end of each month.

(2) In this rule month means a calendar month and SUP 16.3.13 R (4) does not apply.

(3) A firm which changes its 'CASS firm type' and notifies the FCA that it is a CASS medium firm or a CASS large firm in accordance with CASS 1A.2.9 R is not required to submit a CMAR in respect of the month in which the change to its 'CASS firm type' takes effect in accordance with CASS 1A.2.12 R, unless it was a firm to which the requirement in (1) applied immediately prior to that change taking effect.

16.14.4 R For the purposes of the CMAR:

(1) client money is that to which the client money rules in CASS 7 apply; and

(2) safe custody assets are those to which the custody rules in CASS 6 apply but only in relation to:

(a) the holding of financial instruments (in the course of MiFID business);

(b) the safeguarding and administration of assets (without arranging) (in the course of business that is not MiFID business);

(c) acting as trustee or depositary of an AIF, and in this case also include any safe custody investments to which the firm, when acting for an authorised AIF, is required by CASS 6.1.16IAR (2) to apply the custody rules under CASS 6.1.1BR (2);
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16.14.5 G

For the avoidance of doubt, the effect of SUP 16.14.4 R is that the following are to be excluded from any calculations which the CMAR requires:

1. any client money held by the firm in accordance with CASS 5;
2. any safe custody assets in respect of which the firm is merely arranging safeguarding and administration of assets in accordance with CASS 6;
2A. any safe custody assets for which a small AIFM is:
   a. carrying on those excluded custody activities that would merely amount to arranging safeguarding and administration of assets but for the exclusion in article 72AA of the RAO; and
   b. is doing so in accordance with CASS 6; and
3. any client money or safe custody assets in respect of which the firm merely has a mandate in accordance with CASS 8.

Method of submission

16.14.6 R

A CMAR must be submitted by electronic means made available by the FCA.

Reporting of ‘unbreakable’ client money deposits

16.14.7 R

1. This rule applies to a firm in respect of a CMAR required under SUP 16.14.3 R where, at the end of the reporting period for the CMAR:
   a. the firm holds client money using a client bank account under CASS 7.13.13R(3A)(b) (Segregation of client money); and
   b. the firm is unable to make a withdrawal from that client bank account until the expiry of a period lasting between 31 and 95 days.

2. A firm must use a separate row in data field 13 of its CMAR to report on any aggregate positive balance of client money held with a particular bank which, as at the end of the reporting period for the CMAR:
   a. the firm is able to withdraw within a period of up to 30 days;
   b. the firm is unable to withdraw for a period of 31 to 60 days; and
   c. the firm is unable to withdraw for a period of 61 to 95 days.
(3) (a) A firm must denote a balance falling under (2)(b) by using the words “unbreakable 31-60” in data field 13B of the CMAR.
(b) A firm must denote a balance falling under (2)(c) by using the words “unbreakable 61-95” in data field 13B of the CMAR.

(1) Because of SUP 16.14.7R(1)(b), SUP 16.14.7R would not apply to a firm where, for example:

(a) it was using a client bank account under CASS 7.13.13R(3A)(b) that had a fixed term of over 30 days, but by the end of the reporting period for the CMAR there were fewer than 31 days remaining before the firm could withdraw all the money in that account; or

(b) it was using a client bank account under CASS 7.13.13R(3A)(b) that had a notice period of over 30 days for withdrawals, but by the end of the reporting period for the CMAR the firm had already served notice for withdrawal for all the money in that account and there were fewer than 31 days remaining before the end of the notice period.

(2) Further guidance is available in SUP 16 Annex 29AG on completing data field 13 of the CMAR in cases where SUP 16.14.7R applies.