Powers exercised

A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):

   (1) section 137A (The FCA’s general rules);
   (2) section 137B (FCA general rules: clients’ money, right to rescind etc);
   (3) section 137T (General supplementary powers); and
   (4) section 139A (Power of the FCA to give guidance).

B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force as follows:

   (1) Annex A and Part 1 of Annex B to this instrument come into force on 1 July 2014.
   (2) Part 2 of Annex B to this instrument comes into force on 1 June 2015.

Amendments to the FCA Handbook

D. The Glossary of definitions is amended in accordance with Annex A to this instrument.

E. The Client Assets sourcebook (CASS) is amended in accordance with Annex B to this instrument.

Citation

F. This instrument may be cited as the Client Assets Sourcebook (Amendment No 6) Instrument 2014.

By order of the Board of the Financial Conduct Authority
26 June 2014
Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Comes into force on 1 July 2014

Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

<table>
<thead>
<tr>
<th>stocks and shares</th>
<th>a firm’s activities, in its capacity as an ISA manager, in connection with an ISA which contains only a stocks and shares component and is not either or both MiFID business and designated investment business.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISA business</td>
<td></td>
</tr>
</tbody>
</table>

Amend the following definition as shown

<table>
<thead>
<tr>
<th>client money</th>
<th>…</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2A)</td>
<td>(in FEES, CASS 6, CASS 7, CASS 7A and CASS 10 and, in so far as it relates to matters covered by CASS 6, CASS 7, COBS, GENPRU or IPRU(INV)) subject to the client money rules, money of any currency:</td>
</tr>
<tr>
<td>(a)</td>
<td>that a firm receives or holds for, or on behalf of, a client in the course of, or in connection with, its MiFID business; or</td>
</tr>
<tr>
<td>(b)</td>
<td>which that, in the course of carrying on designated investment business that is not MiFID business, a firm holds for a client; or</td>
</tr>
<tr>
<td>(ba)</td>
<td>that a firm receives or holds for, or on behalf of, a client in the course of, or in connection with, its stocks and shares ISA business; or</td>
</tr>
<tr>
<td>(c)</td>
<td>which that a firm treats as client money in accordance with the client money rules.</td>
</tr>
</tbody>
</table>
Annex B

Amendments to the Client Assets sourcebook (CASS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part 1:  Comes into force on 1 July 2014

7.1  Application and purpose

7.1.1A  R  This chapter applies to a firm that receives money from or holds money for, or on behalf of, a client in the course of, or in connection with, its:

(1) MiFID business; and/or
(2) designated investment business; and/or
(3) stocks and shares ISA business;

unless otherwise specified in this section.

…

Opt-in to the client money rules

7.1.3  …

(1B) …

(1C) (a)  A firm may elect to comply with all the provisions of this chapter for money that it receives or holds in respect of an ISA that only contains a cash deposit ISA.

(b) Where a firm makes an election under (a), this chapter applies to it in the same way that it applies to a firm that receives and holds money in the course of or in connection with its MiFID business.

…

7.1.3B  R  Where a firm opts into this chapter under CASS 7.1.3R(1C) it must notify clients for whom it holds the opted-in money that it is holding their money in accordance with the client money rules.

7.1.4  G  The opt-in to the client money rules in this chapter does not apply in respect of money that a firm holds outside of either the:

(1) scope of the insurance client money chapter; or
(2) relevant cash deposit ISA wrapper;
as the case may be.

7.1.6 G (1) A firm that is only subject to the insurance client money chapter may not opt to comply with this chapter under either or both CASS 7.1.3R(1) and CASS 7.1.3R(1B).

(2) Under CASS 7.1.3R(1C) a firm may opt to comply with this chapter regardless of whether it is otherwise subject to the client money rules.

Part 2: Comes into force on 1 June 2015

7.10 Application and purpose

7.10.1 R This chapter applies to a firm that receives money from or holds money for, or on behalf of, a client in the course of, or in connection with, its:

(1) MiFID business; and/or

(2) designated investment business; and/or

(3) stocks and shares ISA business;

unless otherwise specified in this section.

Opt-in to the client money rules

7.10.3 …

(2) …

(2A) (a) A firm may elect to comply with all the provisions of this chapter for money that it receives or holds in respect of an ISA that only contains a cash deposit ISA.

(b) Where a firm makes an election under (a), this chapter applies to it in the same way that it applies to a firm who receives and holds money in the course of or in connection with its MiFID business.

7.10.3A R Where a firm opts into this chapter under CASS 7.10.3R(2A) it must notify clients for whom it holds the opted-in money that it is holding their money in accordance with the client money rules.
7.10.5 G The opt-in to the *client money rules* in this chapter does not apply in respect of *money* that a *firm* holds outside of either the:

(1) scope of the *insurance client money chapter*, or

(2) relevant *cash deposit ISA wrapper*;

as the case may be.

7.10.7 G (1) A *firm* that is only subject to the *insurance client money chapter* may not opt to comply with this chapter under either or both CASS 7.10.3R(1) and CASS 7.10.3R(2).

(2) Under CASS 7.10.3R(2A), a *firm* may opt to comply with this chapter regardless of whether it is otherwise subject to the *client money rules*. 