

**Part 7: Client Money and Assets**  
**Chapter One – General provisions**

**Article 69: Purpose and Scope**

- a. The provisions in this Part implement Principle 6 which is provided for at paragraph (b) of Article 5 of these Regulations.
- b. An authorised Person must segregate its own money and assets from client money and client assets, and client money and client assets must only be used for the benefit of an authorised person's clients.

**Article 70: Effect of Segregation**

- a. Client money and client assets which are segregated are deemed to be held for the authorised person's clients and are not deemed to be assets of the authorised person.
- b. Creditors of an authorised person do not have any claim or entitlement to segregated money or assets.

**Chapter Two – Client Money Rules**

**Article 71: Money received by an authorised person**

- a. Subject to Article 72 of these Regulations, all money that an authorised person receives from or on behalf of a client in the course of carrying on securities business is client money.
- b. Client money must be segregated and held in a client account, separately from the assets of an authorised person, except where otherwise provided in this Part.
- c. All money paid into a client account by an authorised person will be treated as client money.
- d. Only client money should be held in a client account unless it is required to open or keep open the account or it is temporarily in the account.
- e. An authorised person may transfer client money to another person for the purpose of settling a securities transaction with or through that other person or to provide collateral for a client.

## **Article 72: Money which is not client money**

Money is not client money if it is immediately due and payable to the authorised person for its own account (including, fees and commissions which are lawfully due to the authorised person).

## **Article 73: Money to be held with a bank**

- a. An authorised person must hold client money in a client account with a local bank.
- b. An authorised person must assess the risk of a local bank prior to opening a client account and consider whether it is necessary to open client accounts with more than one bank.
- c. An authorised person may open a client account with a local bank in its own group, provided it notifies its client of its intention and the client has not objected.
- d. Client money may be held with an overseas bank but only if this is necessary for the settlement of a transaction in securities outside the Kingdom. Dividends or other income received outside the Kingdom for an authorised person's client may be paid into an account with an overseas bank in the authorised person's name, provided that the funds in question are either transferred to a client account or paid to the client no later than three days after notification of receipt. An authorised person must notify its client of its intention to hold client money with a bank outside the Kingdom.
- e. The requirements specified in paragraphs (b) and (c) of this Article and the requirements in Article 74 of these Regulations apply equally to an account with an overseas bank.