



## CASS Resolution Pack – Policy Statement

### Introduction

The FSA has published a Policy Statement (PS 12/06) which impacts on all firms which hold client money. This relates to the Client Assets Sourcebook (CASS) and specifically those firms covered by CASS 7 rules. This includes all firms classified as small, medium or large CASS firms.

### Background

The CASS RP rules aim to speed up the return of client assets in the event of a firm's failure. This will be achieved by ensuring the information and records required by an insolvency practitioner to return a client's assets would be readily accessible after a firm's failure. The policy statement follows earlier consultation in CP11/16 in August 2011.

The new rules create a new Chapter 10 of the CASS Sourcebook. Firms holding client assets from investment business will be required to keep certain new and existing documents and records relating to client assets in such a way that these documents and records can be retrieved promptly. This will be while the firm is a going concern, as well as, if or when, the firm has become a gone concern.

The CASS RP rules will come into force on 1 October 2012 with all CASS firms, regardless of size and reason for holding client money for investment business, required to have one such central 'pack'. Those firms with permission to hold client money but which do not actually hold client money will be excluded from this requirement – until or unless the firm holds client money at a later date.

The CASS RP is part of the wider policy objectives of the FSA Recovery and Resolution (RRP) framework. The FSA continues to undertake a fundamental review relating to the requirements of client money distribution. This may, in due course, entail further changes to the client assets regime.

### Key impact of the CASS RP

The following is a summary of a number (but not all) of the requirements of the CASS RP rules. These include:

- The individual holding the CASS operational oversight function is responsible for ensuring compliance with the CASS RP pack.
- This responsibility includes reporting annually to the Board on CASS RP compliance.
- If requested, the pack must be made available within 48 hours. These are actual hours and not business hours, therefore includes weekends and bank holidays.



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- The 48 hour period is not for the pack to be created (given that it would be unlikely it could be created in that timescale), but for the pack to be made available.
  - The firm should ensure that the pack remains up to date. If any inaccuracies are identified, the firm has a maximum of 5 business days to update them.
  - If the firm depends upon a third party or group company for CASS compliance, it should ensure that appropriate arrangements are in place with that entity to ensure the ability to achieve compliance with CASS 10 by the firm itself.
  - A number of the documents required are records that the firm should be creating at present for the purposes of other CASS rules. Therefore, if gaps are identified as part of CASS RP implementation, these should be remedied immediately and not left until 1 October.
  - If there is a breach in CASS RP rules, this must be notified to the FSA.

## Next steps

Attached is a link to the CASS RP Policy Statement.

<http://www.fsa.gov.uk/library/policy/policy/2012/12-06.shtml>

Firms should ensure that senior management are briefed on this new requirement and that if not already done so, a plan is put in place to implement the pack in time for 1 October 2012.

As a minimum, this should cover:

- What is required for the pack.
- What new documents are required and who will be responsible for producing these.
- How the pack will be monitored and maintained.

The firm should consider the likelihood of the FSA testing a firm's compliance with the above rules as part of normal supervision.

*This briefing note is intended as a summary only and is not full and/or firm specific advice. For further information and assistance on the CASS RP rules including advising on how to implement the new rules, please contact Gillian Gallacher for further guidance.*