

To: All firms
From: Roger Morris
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UPDATED FCA CLIENT ASSETS REPORTS MANUAL

We have today published our updated FCA Client Assets Reports Manual, which replaces the existing HAT FCA Client Assets Reports Manual (January 2016).

There have been a number of sections within the FCA's Client Assets / Supervision Sourcebooks which have been updated since 1 January 2016, as a result of:

- An updated EU Directive, the Markets in Financial Instruments Directive II, which became effective on 3 January 2018, and has resulted in many amendments within CASS 6 / 7;
- The extension on the period for which investment businesses can hold term deposits (subject to certain conditions being complied with) from 30 to 95 days;
- The removal of the requirement for CASS debt management firms not holding client money to obtain a Client Assets Report; and
- Clarification that loan-based crowdfunding firms are required to obtain a Client Assets Report.

Although the above do not reflect material changes to the FCA Handbook, it is necessary to reflect these amendments in an updated Manual to ensure that users of the Manual are performing their assignment in accordance with the current version of the FCA Handbook.

Note that there have been no amendments to the FRC Assurance Standard: *Providing Assurance on Client Assets to the Financial Conduct Authority*. The only amendments to content relate to the FCA Handbook and not the underlying procedures in the Manual.

The updated Manual remains dated "January 2016" to reflect the commencement date for accounting periods to which this Manual relates. However, there is now a visible "Version control" on the front page of the "Index" document, reflecting the date of last amendment (being March 2018 in this case). All amended documents are annotated as "03/18" in the footer.

We are always pleased to receive feedback on our manuals. If you have any comments on this Manual then please email roger@hatgroup.co.uk