

## Review of the client assets regime for investment business

### Financial Conduct Authority (FCA)

RPC rating: **validated**

#### Description of the measure

The assessment explains that the Financial Conduct Authority (FCA), following a review, revised its rules in the Client Assets Sourcebook (CASS) to clarify the requirements on firms. Due to the number of changes required, the FCA decided to stagger the implementation of the rule changes. This assessment covers the changes made in June 2015 relating to custody, client money, mandate and information to client rules. The FCA has provided a link to a full summary of the changes implemented in June 2015.

#### Impacts of the measure

The assessment explains that, through the original consultation, the FCA collected cost information from firms, which confirmed that most of the changes would have minimal impact. Full details of the costs have been provided via a link to the FCA's cost-benefit analysis (CBA). The assessment highlights that the only quantifiable impacts relate to custody recordkeeping, records and reconciliations costs. These are estimated to impose costs on business of up to £100,000 for 26 large firms and up to £500 for 396 smaller firms. This results in a total one-off cost to business of £458,000.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.1 million. This will be a qualifying regulatory provision that will score under the business impact target.

#### Quality of submission

The assessment provides sufficient evidence to support its estimates of the impact on business. The assessment would have benefited from a summary of support for evidence from business, as outlined in the CBA.

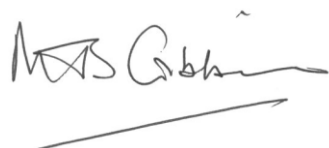
#### Departmental assessment

Classification	Qualifying regulatory provision (IN)
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Equivalent annual net direct cost to business (EANDCB)	£0.1million
Business net present value	-£0.5 million

### RPC assessment

Classification	Qualifying regulatory provision (IN)
EANDCB – RPC validated <sup>1</sup>	£0.1 million
Business Impact Target (BIT) Score <sup>1</sup>	£0.5 million



**Michael Gibbons CBE, Chairman**

<sup>1</sup> For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.