



ISLE OF MAN FINANCIAL SERVICES AUTHORITY

Lught-Reill Shirveishyn Argidoil Ellan Vannin

Client Account Information (rule 3.6)

Guidance Notes to licenceholders —

- 1) *This information may be incorporated as part of a two-way customer agreement.*
- 2) *The table below indicates which paragraphs must be issued to the customer depending on the Class of financial services licence held and the types of account operated —*

Class	Paragraphs					
	1	2	3	4	5	6
2	Yes	#	Yes	Opt	Opt	Opt
4	Yes	#	Yes	Opt	No	No
5	Yes	#	Yes	Opt	No	No

KEY

Yes This paragraph must be included.

Opt This paragraph should only be included if this type of client account is operated.

No This type of account is not available to the Class of activity and the paragraph must not be included.

If more than one type of client account is operated then the paragraph must be included but if only general client bank accounts are operated then this paragraph is not required.

1. What is a client bank account?

A client bank account is a bank account held by, and in the name of, [name of licenceholder] (“us” or “we”) in which we will hold your money on trust for you while it remains in the account. All money held in a client bank account is referred to as client money.

A client bank account is specially created by us for the purpose of holding your money and the money of other clients. The client bank account is segregated from any other bank account in our name holding money which is our money.

All client bank accounts are held at recognised banks. A recognised bank is a bank which holds a licence issued by the Isle of Man Financial Services Authority or is authorised under the law of another acceptable country or territory to carry on activities corresponding to deposit taking (see rule 3.2 of the Financial Services Rule Book 2016 for the full definition).

In relation to fiduciary services, please note that an account held in the name of your company, or as trustee of your trust, is not a client bank account. It is mandated to your company or the trustee of your trust and the company or the trustee is the legal owner of the money held in that account. As the money in these accounts is not classed as

client money the details relating to pooling of money in client bank accounts (as detailed below) do not apply.

2. What different types of client bank accounts are there and what are the differences between them?

There are different types of client bank account. The main difference between the types of client bank account is what happens in the event of a bank failure (i.e. where, as a result of the failure, the client money held by us is insufficient to pay the claims of all clients).

It is therefore important that you understand the risks associated with the different types of client bank account and ensure that we are made aware of your preferences (if any) in this regard.

3. General client bank account

A general client bank account usually holds money of several clients. The money may be held at one bank or the money may be in multiple bank accounts spread across several banks.

In the event of a default of a bank where we have a general client bank account, client monies held in all of our general client bank accounts will be pooled (even if money is held in more than one general client bank account and the accounts are held in more than one bank). In this situation, each client who has money in the general client bank account will lose an equal proportion of their money, whether or not the bank your client money is held with is in default. This loss will be adjusted by any compensation arrangements in place.

4. Specified client bank account

A specified client bank account is a client bank account where —

- (i) you or your adviser has chosen the bank where your money will be held and this choice is documented in writing; or
- (ii) we have chosen the bank for you and have notified to you in writing the name of the bank and the fact that the account is a specified client bank account within five business days of the account being opened.

A specified client bank account is intended to hold client money in a bank selected by you and by other clients. The account will be segregated from any other account holding client money. It will have the word “specified” (or an appropriate abbreviation) in its title.

If your money is held in a specified client bank account and the bank at which that money is held goes into default, the monies will not be pooled with client money held in any other client bank account and you could potentially lose the total amount held at the bank (subject to any compensation arrangements in place). Under the liquidation, or any compensation scheme in place at that time, you may be entitled to claim against

the money in the specified client bank account. However, you would not be entitled to claim against any other client bank account (at that or any other bank) in respect of that money.

On the other hand, if your money is held in a specified client bank account at a bank other than the bank which is in default, your money will not be pooled with client money held in any other client bank account (at that or any other bank) and so in the event of default of another bank you would not lose any of your money.

If you want your money to be held in a specified client bank account, you must ask us to open one for you. You may select the bank at which it is opened or, if you would prefer, we may select a bank for you.

5. Client settlement accounts

A client settlement account is a client bank account which is used by us solely to hold the net balance required for the settlement of transactions for clients.

In the event of a default of a bank where we have a client settlement account, client monies held in all of our client settlement accounts will be pooled in a separate pool from other client money. In this situation, if your money is held in a client settlement account you will lose an equal proportion of your money as every other client with money in our client settlement accounts, whether or not the bank that your client money is held with is in default.

Under the liquidation, or any compensation scheme in place at that time, you may be entitled to claim against the money in the client settlement accounts. However, you would not be entitled to claim against any other type of client bank account (at that or any other bank) in respect of your money.

6. Client free money accounts

When we hold your money pending future investment, the money will be held in a client free money account.

A client free money account is a client bank account which is segregated from any account holding clients' money which is not held for future investment.

In the event of a default of a bank where we have a client free money account, client monies held in all of our client free money accounts will be pooled in a separate pool from other client money. In this situation, if your money is held in a client free money account you will lose an equal proportion of your money as every other client with money in our client free money accounts, whether or not the bank that your client money is held with is in default.

Under the liquidation, or any compensation scheme in place at that time, you may be entitled to claim against the money in the client free money accounts. However, you would not be entitled to claim against any other type of client bank account (at that or any other bank) in respect of your money.