



12 August 2013

Our ref: ICAEW Rep 106/13

Your ref: CP 13/05

The Client Assets Policy & Risk Team
Client Assets Unit – Markets Division
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

Via email: fca-cp13-05@fca.org.uk

Dear Sirs,

Review of the client assets regime for investment business

ICAEW is pleased to respond to your request for comments on question 48 of the consultation paper *13/05: Review of the client assets regime for investment business*.

Please contact me should you wish to discuss any of the points raised in the attached response.

Yours sincerely

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ICAEW REPRESENTATION

REVIEW OF THE CLIENT ASSETS REGIME FOR INVESTMENT BUSINESS

Memorandum of comment submitted in October 2013 by ICAEW, in response to the Financial Conduct Authority (FCA) consultation paper 13/05 Review of the client assets regime for investment business published in July 2013.

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INTRODUCTION

1. ICAEW welcomes the opportunity to comment on question 48 of the consultation paper 13/05: *Review of the client assets regime for investment business* published by the Financial Conduct Authority (FCA) on 12 July 2013, a copy of which is available from this [link](#).

WHO WE ARE

2. ICAEW is a world-leading professional accountancy body. We operate under a Royal Charter, working in the public interest. ICAEW's regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the UK Financial Reporting Council. We provide leadership and practical support to over 140,000 member chartered accountants in more than 160 countries, working with governments, regulators and industry in order to ensure that the highest standards are maintained.
3. ICAEW members operate across a wide range of areas in business, practice and the public sector. They provide financial expertise and guidance based on the highest professional, technical and ethical standards. They are trained to provide clarity and apply rigour, and so help create long-term sustainable economic value.
4. The Financial Services Faculty was established in 2007 to become a world class centre for thought leadership on issues facing the financial services industry acting free from vested interest. It draws together professionals from across the financial services sector and from the 25,000 ICAEW members specialising in the sector and provides a range of services and provides a monthly magazine FS Focus.

RESPONSES TO SPECIFIC QUESTIONS

Q48: Do you agree that our proposed changes will ensure that CASS is compatible with the EMIR RTS? If not, please provide reasons.

5. We recognise the need for the vocabulary and definitions used in the proposed rules, the EMIR RTS and CASS provisions to be compatible.
6. The rules introduced in January 2013 did not incorporate a definition of 'clearing member' into the Glossary of the FCA Handbook and we are pleased to see the proposals now rectify this but are concerned that it is only by cross referencing the definition to EMIR regulations..
7. We note that while the proposed rules in CP13/05 do not transpose directly the definition of 'indirect clearing arrangement' as defined in EMIR but instead introduce a variation of this as part (ii) of the definition of 'regulated clearing arrangement', it is not just a cross referencing to EMIR. If including definitions from EMIR in this way is considered acceptable, then we believe consideration should also be given to including definitions of 'clearing member' and 'indirect client' within the FCA Handbook rather than providing reference to the relevant definitions in EMIR.

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