Client Money FAQ's

What is client money protection?

The Financial Conduct Authority (FCA) rules state that SCML must segregate all retail client funds. This means they are held in a bank account separate from SCML's own bank account and can't be used by SCML in the course of its day to day business operations. The rules are contained within the CASS 7 section of the FCA handbook available on the FCA website.

What is protected?

As required under the rules SCML segregates the cash balance + unrealised profits + funds used as margin collateral. We do this on a daily basis and make a cash transfer into or out of the client money account daily, as required.

Which bank is my money held with?

SCML is required by the FCA to carry out comprehensive due diligence on the banks it places client money with. We only use top tier global institutions with strong balance sheets and as we use multiple banks to further ensure risk is not concentrated with one institution or banking group, we cannot say which is used to hold a particular client's funds.

How do I know SCML is following the rules?

As a UK firm authorised and regulated by the FCA, SCML is obligated to follow all rules including those relating to client money. Specifically for client money we have to report to the FCA on a monthly basis and we are audited by our independent auditor on an annual basis, with a copy of their report provided to the FCA.

What happens if SCML goes bust?

In the unlikely event of SCML entering into administration, retail clients will have their funds returned to them from the client money bank account. As the bank account is held by SCML in trust for underlying clients, no other general creditor can access or make claim to the funds contained therein.

What happens if there is not enough money in the client bank account?

In the highly unlikely event of a shortfall in the client money bank account retail clients of SCML would be able to claim up to a maximum of £50,000 per person from the Financial Services Compensation Scheme (FSCS), which is the UK's statutory fund of last resort. This means that for a joint account both account holders would be able to make a separate claim of up to £50,000 each.

As an example if you held £100,000 in your SCML account and there was a shortfall in the client money account of 40% you would receive £60,000 back from the client money account and have to submit a claim to the FSCS for the remaining £40,000.

What happens if the bank holding the client money goes bust?

If the bank chosen by SCML to hold client funds entered into administration retail clients would be able to submit a claim to the FSCS up to a limit of £85,000 per person, per banking group.

That means for a joint account both clients could submit a claim of up to £85,000 each. Clients would also be able to claim against the estate as unsecured creditors however there is no guarantee that they will receive anything back.

If the bank holding the client money goes bust and I have a separate personal account with them, how much will be covered?

The amount covered by the FSCS is £85,000 per person, per banking group regardless of the number of accounts they hold.

Client Assets FAQ’s

What are the client asset rules?

The Financial Conduct Authority (FCA) rules state that SCML must put in place systems and controls to ensure that all assets belonging to its clients are held for their benefit and are not comingled with the assets of SCML or the entity with whom the assets are placed. The rules are contained within the CASS 6 section of the FCA handbook available on the FCA website.

Who is the custodian that holds the assets?

SCML acts as custodian for the assets. We in turn have appointed Saxo Bank A/S as our sub-custodian. As required under the rules we have to ensure that we perform comprehensive due diligence on our choice of sub-custodian and review this choice on at least an annual basis. Saxo Bank is a well capitalised bank based in Denmark and has significant experience of acting in a sub-custodian capacity on a global basis.

What is protected?

As required under the rules all non-margin assets (shares, bonds, ETF’s) are segregated and held in the client’s name or for their benefit. At no point are the assets comingled with assets of SCML or the sub-custodian. We perform a daily reconciliation to ensure that our internal records are accurate and that these match the external records from our sub-custodian.

In whose name are the assets registered?

The assets are recorded in our records in the name of each individual client. At the sub-custodian level the assets are held in an account that clearly identifies all assets held within that account are for the benefit of the clients of SCML.

How do I know SCML is following the rules?

As a UK firm authorised and regulated by the FCA, SCML is obligated to follow all rules including those relating to client assets. Specifically for client assets we have to report to the FCA on a monthly basis and we are audited by our independent auditor on an annual basis, with a copy of their report provided to the FCA.

What happens if SCML goes bust?

In the unlikely event of SCML entering into administration, assets will be made available to clients as part of the administration process for transferring to another broker. As the assets belong to clients and are held by SCML in trust, no other creditor can access or make claim to these client assets.

What happens if the sub-custodian goes bust?

All assets are held in the name of the client or for their benefit. If the sub-custodian enters into administration the assets are ring-fenced as belonging to clients and the administrators would arrange for the assets to be transferred to SCML or an alternative broker.

What happens if there are assets missing?

If there is a shortfall in the amount of client assets held, clients would be able to claim up to £50,000 per person from the Financial Services Compensation Scheme (FSCS), which is the UK's statutory fund of last resort. This means that for a joint account both account holders would be able to make a separate claim of up to £50,000 each.