



DRAFT THIRD PARTY MANAGED ACCOUNTS GUIDANCE

Third Party Managed Accounts Guidance

1. A CLC Practice which has had CLC approval may use a Third Party Managed Account (TPMA) managed by a named TPMA provider as an alternative to a Client Account.

Your responsibilities before entering into arrangements with a TPMA provider

2. The CLC Practice must ensure that the TPMA is authorised and regulated by the Financial Conduct Authority (FCA) in accordance with the Payment Services Regulations 2017. This means it must be:
 - a. an authorised payment institution, or
 - b. a small payment institution that has adopted voluntary safeguarding arrangements to the same level as an authorised payment institution, or
 - c. an EEA authorised payment institution.
3. The CLC Practice must ensure that the TPMA is an account held at a third party bank or building society operated as an escrow payment service, and that the money in the account is owned beneficially by the third party. The use of the TPMA must not result in you receiving or holding Client Money.
4. The CLC Practice should undertake an assessment of the viability of the business of the TPMA and satisfy itself that there is minimum risk to Client Money and that the Client will be protected in the event that the TPMA closes.

The CLC must approve the use of the TPMA provider

5. If it would like to use a TPMA the CLC Practice should email the CLC at [address@clc-uk.org] with:
 - a. the Practice name and licence number
 - b. the name of the TPMA provider and its FCA authorisation number
 - c. the date on which it intends to start using the TPMA, and

The CLC may request further information.

6. Once approval is granted the CLC Practice does not need further approval where the same TPMA provider is used for another matter or Client. Further approval is required to use another TPMA provider.
7. The CLC Practice must inform the CLC in writing within 14 days after ceasing to use a TPMA provider.

Status of money held in a TPMA

8. Money held in a TPMA is not Client Money as it is not held or received by a CLC Practice and is not subject to the Accounts Code.
9. Using a TPMA does not release the CLC Practice from the requirement to act in the best interests of its Clients, which includes protecting Client Money and assets (Overriding Principle 3, Code of Conduct). The CLC Practice must ensure that the decision to use a TPMA, and the TPMA provider used, is appropriate in the circumstances of each case.

Client protection and information arrangements

10. The use of a TPMA must not result in a greater risk to a Client's money.
11. Before entering an arrangement with a TPMA provider, a CLC practice must take reasonable steps to ensure that the Client understands:
 - a. the terms and contractual arrangements relating to the use of the TPMA
 - b. their right to terminate the agreement
 - c. their right to dispute payment requests made by the CLC Practice
 - d. who will be responsible for costs associated with the arrangement
 - e. that the TPMA is regulated by the FCA and complaints about the TPMA provider should be made to that provider in accordance with their complaints process, and
 - f. that the regulatory protections applying to TPMA's are different to those applying to Client Money held in a Client Account.
12. The CLC Practice must obtain regular statements from the TPMA provider and ensure that these accurately reflect all transactions on the account.
13. The CLC Practice must retain statements from the TPMA provider for no less than 6 years and provide the CLC with copies on request.
14. The CLC Practice must ensure that the TPMA provider has appropriate insurance in place, the terms and conditions of which are not materially prejudicial to Clients.

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