



# Dormant Assets Act 2022

## 2022 CHAPTER 5

### PART 1

#### THE DORMANT ASSETS SCHEME

##### *Client money assets*

## 12 Transfer of eligible client money to reclaim fund

- (1) This section applies where—
  - (a) an investment institution transfers to an authorised reclaim fund an amount of dormant eligible client money owing to a person, and
  - (b) the reclaim fund consents to the transfer.
- (2) On the transfer of the amount—
  - (a) a person to whom the amount is payable immediately before the transfer ceases to have any right against any investment institution to payment of the amount, but
  - (b) that person acquires against the reclaim fund whatever right to payment of the amount the person would have had against the institution if the transfer had not happened.
- (3) In this Act “investment institution”, in relation to an amount of eligible client money, means a person who—
  - (a) has permission under Part 4A of FSMA 2000 to carry on any activities, and
  - (b) has its head office or an establishment in the United Kingdom,other than a person who is specified, or is within a class of persons specified, by an order under section 38 of FSMA 2000 (exemption orders).
- (4) In this Act “eligible client money” means (subject to subsection (6)) client money held by an investment institution which—
  - (a) is held in the course of, or in connection with, the regulated activities covered by the institution’s Part 4A permission, and

- (b) is not money that could be transferred to an authorised reclaim fund as mentioned in section 2(1)(a), 5(1)(a), 8(1)(a), 14(1)(a) or 21(2)(b).
- (5) The reference in subsection (4)(b) to money that could be transferred as mentioned in section 8(1)(a) includes money held by an investment institution that is not within the definition in section 8(3) which—
  - (a) is proceeds of the conversion by the investment institution of a collective scheme investment into a right to payment of an amount, and
  - (b) could, if it were held by an investment institution falling within section 8(3), be transferred as mentioned in section 8(1)(a).
- (6) Client money held in a Lifetime ISA is excluded from subsection (4) if its transfer to an authorised reclaim fund would result in liability to pay a withdrawal charge to HMRC.
- (7) In subsections (4) and (6) “client money” means money held in trust for a person or treated by the investment institution holding it as client money.

### **13 Meaning of “dormant” in relation to eligible client money**

- (1) For the purposes of this Act an amount of eligible client money is “dormant” at a particular time if the following condition is met at that time.
- (2) The condition is that the responsible institution regards the person to whom the amount is payable as having been gone-away throughout the preceding 6 years.
- (3) For the purposes of subsection (2) a responsible institution may regard a person as having been “gone-away” throughout a period if the responsible institution has received no communication from that person (or a person acting on behalf of that person) during that period.
- (4) In this section “responsible institution” means the investment institution that is responsible, in relation to the client money in question, for either or both of the following activities—
  - (a) assessing whether a person has been gone-away for a period;
  - (b) receiving communications as mentioned in subsection (3).