



Collective Investment Scheme Delivery versus Payment Exemption (CIS DVP or DVP1)

The CASS rules require that all money should be received into a client bank account; however, some firms may elect to employ an exemption which allows money to be received into their corporate bank account on the condition that it is either due and payable to the firm or placed into a client bank account within one business day of receipt.

The ability to utilise this exemption is limited to authorised fund managers (AFM) of collective investment schemes. The investor's consent in writing must be obtained before the exemption can be used.

In the case of an investment deal, money can be paid into the firm's corporate bank account. If the payment can be applied to a specific investment this should be done; at which point a decision will be made as to whether the payment for the investment will become due and payable to the firm within one business day of receipt. If the answer is yes, the money may remain in the corporate account. If the answer is no, the money must be moved to a client bank account by close of business of the business day following receipt.

Where an investor has chosen to redeem his investment, the proceeds of that redemption are due to the investor by close of business on the fourth business day following the completion of the redemption. If payment is not made to the client or is not made in such a way that it is immediately with the client e.g. by cheque, the funds must be placed in a client bank account by close of business on the fifth working day.

Commercial Settlement System Delivery versus Payment Exemption (CSS DVP or DVP3)

Similar to the DVP1 exemption for a CIS an exemption is available to firms who are a direct or sponsored member or participant in a CSS and where the the relevant transaction is not settled by a third party on behalf of the firm through that third party's account held with the CSS

As with the DVP1 exemption the client's consent in writing is required prior to the exemption being utilised.

In respect of a client's purchase the DVP window starts from the date of the client's payment to the firm on the understanding the firm intends for the asset in question to be due to the client within one business day following receipt and closes when the transaction settles ,or, failing that on the third business day following receipt

In respect of a client's sale, the DvP window starts from the date of delivery and closes when the transaction settles or if it has not settled, on the third business day following the date of delivery.



Important Information

This document has been compiled for the use of TA Forum members only and is for guidance purposes. This document has been written from the view point of TA's and the administration activities that they perform for regulated firms. Where any firms require further clarification of the rules, guidance should be sought from the FCA.

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