



## PS24/10: Expansion of the Dormant Assets Scheme – second phase

02 August 2024

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On 2 August 2024, the FCA published [Policy Statement 24/10 ‘Expansion of the Dormant Assets Scheme: second phase’ \(PS24/10\)](#).

### Introduction

The Dormant Assets Scheme (**DAS**) was initially set up to allow banks and building societies to pay dormant monies to an authorised reclaim fund, which would then put this money towards funding good causes.

In February 2022, the Dormant Assets Act 2022 received Royal Assent. The Act amends the Dormant Bank and Building Society Accounts Act 2008 to expand the scope of dormant assets that can be contributed to the DAS. The new assets in scope of the expanded scheme fall under five asset clauses: insurance, pensions, securities, investment assets and client money.

In August 2022, the FCA made changes to its Handbook, covering insurance, pensions and securities, in order to facilitate phase 1 expansion.

On 22 May 2023, the FCA published Consultation Paper CP23/12: Expansion of the DAS – second phase (**CP23/12**). In CP23/12, the FCA consulted on the second phase of the DAS to make amendments to its rules and guidance in order to enable dormant investment assets and client money to be available to the scheme. The consultation closed on 10 July 2023.

In PS24/10 the FCA provides feedback on the comments received to CP23/12 and sets out its final rules and guidance.

### Changes

Following feedback to CP23/12 the FCA has made certain changes to its final policy on investment assets.

The changes include that the FCA is:

- Not proceeding with the requirement under COLL 6.2.17BR (2) and COLL 4.2.5R (17) (da), which would have required units that were being redeemed prior to transferring the money to Reclaim Fund Limited (**RFL**) to be compulsorily cancelled. The FCA agrees with the feedback received that the added complexity for firms is not justified by the minimal risk and size of harm that the rule was

intended to resolve. Under the final rules, redeemed units will not need to be compulsorily cancelled.

- Amending COLL 6.6.6R(5), so as to require the authorised fund manager (**AFM**) to maintain records if either the AFM or the depositary transfer money to the DAS, including when dormant assets which are orphan monies are transferred to the DAS.
- Not proceeding with the proposed rule COLL 4.3.7G (2)(e) to treat participation in the DAS as a significant change.

For client money, the FCA is introducing the rules as consulted on.

Among other things the FCA also notes that it has not made provision in the CASS rules to deal with reclaims. It does not regard the return of funds from RFL to a firm as meeting the criteria for such funds to form client money for the purposes of the CASS rules.

### **Next steps**

PS24/10 sets out the relevant FCA instrument, Dormant Assets (Collective Investment Schemes and Client Money) Instrument 2024, which comes into force on 2 August 2024.

Following the rule changes coming into force, RFL will be able to accept contributions from the investment assets and client money sectors. RFL will also need to put in place contracting agreements with participants, before any transfers can be made and announce a start date for these expanded sectors.