

Pershing Cash Account FAQs

Raymond James has compiled this fact sheet to help address questions you as investors may have about cash held on your account with Pershing Securities Limited (Pershing). If you have any additional questions, don't hesitate to contact your wealth manager.

Pershing holds money it receives for your account in accordance with the UK Financial Conduct Authority's (FCA) Client Money Rules (CASS 7). Amongst other things, this means that your money is segregated from Pershing's own funds. All funds are held on trust by Pershing and each bank that holds client money in an account in the name of Pershing must sign an Acknowledgement Letter confirming that the funds are held on trust and are not Pershing's own funds. Should any of the banks that Pershing uses fail, investor protection provided by the Financial Services Compensation Scheme (FSCS) applies which is currently limited to £85,000 per client per FCA authorised bank. Keep in mind that if you have a personal bank account with that same financial institution, any balances in that account will contribute towards the FSCS limit.

Q: As a client of Raymond James, where are any cash balances in my account at Pershing deposited?

A: Pershing diversifies client cash across a number of financial institutions, each having its own limit depending on various criteria established by the Pershing Credit Risk Committee. Pershing currently has arrangements with over 35 financial institutions. They place client cash deposits on any given day with a minimum of 15 different banks and, with few exceptions, keep below 10% of total client cash with any one institution. From time to time however overnight deposits with two or three major international banks may reach 20% of total client cash denominated in GBP. Institutions and limits are regularly reviewed by the Risk Committee.

Q: What measures does Pershing undertake to ensure prudent management of client money balances?

A: Pershing is required by the FCA to undertake due diligence on all credit institutions or banks that it uses to hold client money. In line with the requirements, Pershing considers the following:

- Due diligence is undertaken on the specific legal entity, not just the institution's group
- Expertise and market reputation
- Legal requirements or market practices that could affect clients' rights
- The capital of the credit institution or bank
- The amount of client money placed as a proportion of the credit institutions' or banks' capital and deposits
- The extent to which client money held with a bank outside of the UK is protected under a deposit protection scheme
- Must have a rating of A-/A3 from at least one external ratings agency
- Where possible Pershing also considers the level of risk in the investment and loan activities
- Diversification of risk

All credit institutions and banks require approval in accordance with Pershing governance policies and procedures and are subject to both ongoing and periodic review.

The credit institutions or banks with which Pershing places client free money are predominantly regulated within the UK. Those that are not, still meet the relevant due diligence requirements that Pershing is required to comply with. Pershing, as custodian, places client free money with a number of externally rated banks in order to diversify risk. Pershing's internal Governance Committee sets a limit on the total amount of client money that it will place with any one of the banks it selects.

Pershing also maintains client money bank accounts in overseas jurisdictions for the purposes of settlement activity.

Q: What if I have concerns with respect to funds above the FSCS limit?

A: If you have concerns, please discuss with your wealth manager non-cash alternatives in which you can invest.

Q: I understand client deposits are initially directed to a Pershing account with The Royal Bank of Scotland (RBS). How long is my cash held in the RBS account before it is included in the pool of client cash diversified across the different banks?

A: Deposits made via wire transfer: Provided the funds are received into the RBS account by 3:30pm, they will be included with the pool of funds placed with various banks that day. Funds received after that time will remain in the Pershing account at RBS until the next business day when they will form part of the funds to be placed with various banks.

Deposits made via BACS: BACS payments take 3 days to reach RBS. The BACS deposit file is received by Pershing in the morning, representing BACS payments sent 3 days before. These BACS deposits are included on the day of receipt by Pershing in the pool of cash diversified across various banks that day.

Deposits made via cheque: Cheques are credited to the client's account by Pershing and sent to RBS for deposit. Cheques take 3 days to clear so funds in the clearing process remain in your personal bank account. On day three, the cleared funds are included into the pool of cash Pershing deposits with the various banks.

Q: In the event of failure of one or more of the banks, who would be responsible to make the claim to the FSCS?

A: In the event of a bank failure, the FSCS has confirmed that Pershing would claim on your behalf relevant to any cash in your Pershing account.

Q: What if I have more than the FSCS limit in any one institution?

A: If that occurred, you are relying on the creditworthiness of that institution for amounts above the FSCS limit.

Q: Does the Financial Services Compensation Scheme protection apply if my cash is held with Pershing within a Self Invested Pension Plan Account, an Offshore Portfolio Bond Account or an Onshore Bond Account, where the legal owner of the account is the pension administrator or bond provider?

A: Even though there is a different legal ownership for these types of accounts, your cash held within these types of accounts is protected by the Financial Services Compensation Scheme (up to the limit per client per FCA authorised bank), should a bank fail. The FSCS believes that the pension or bond provider would submit the claim on your behalf in the event of bank failure.