

UK DEVELOPMENTS

COVID-19: FCA Publishes Dear CEO Letter on Increased Client Money Balances

On August 12, the UK's Financial Conduct Authority (FCA) published a "Dear CEO Letter" (the Letter) for firms providing non-discretionary investment services that are experiencing an increase in levels of client money held in their accounts.

The FCA is aware that clients may have rebalanced their portfolios to mitigate volatility during the COVID-19 pandemic. Consequently, a number of firms that hold client money have reported an increase in client money balances between January to June.

In the Letter, the FCA states that each firm's relevant senior manager should consider whether the firm needs to hold client money balances that are unlikely to be reinvested, or whether it would be in its clients' better interests to place those balances directly with each client's own current or savings account provider.

The FCA considers it good practice during the COVID-19 pandemic for firms to communicate with clients about increased client money balances to ascertain whether these should be returned to them or whether the firm should continue to hold on to them to facilitate further investment in the short term. If it is in a client's better interests during this period, firms should return client money balances if they are unlikely to be reinvested in the short term.

The Letter is available [here](#).

EU DEVELOPMENTS

Wolfsberg Group Publishes Statement on Developing Effective AML and CTF Program

On August 12, the Wolfsberg Group, an association of leading international financial institutions that aim to develop frameworks and guidance for the management of financial risk, published a statement on developing an effective anti-money laundering (AML) and counter-terrorist financing (CTF) program (the Statement). In the Statement, the Wolfsberg Group suggests that financial institutions should take the following steps to evolve their AML and CTF programs:

1. assess risk in defined priority areas;
2. implement and enhance controls;
3. prioritize resources;
4. engage with law enforcement; and
5. demonstrate AML and CTF program effectiveness.

The Statement is available [here](#).

For additional coverage on financial and regulatory news, visit [Bridging the Week](#), authored by Katten's [Gary DeWaal](#).

For more information, contact:

FINANCIAL MARKETS AND FUNDS

| | | |
|--|------------------|--------------------------------|
| Henry Bregstein | +1.212.940.6615 | henry.bregstein@katten.com |
| Wendy E. Cohen | +1.212.940.3846 | wendy.cohen@katten.com |
| Guy C. Dempsey Jr. | +1.212.940.8593 | guy.dempsey@katten.com |
| Gary DeWaal | +1.212.940.6558 | gary.dewaal@katten.com |
| Kevin M. Foley | +1.312.902.5372 | kevin.foley@katten.com |
| Mark D. Goldstein | +1.212.940.8507 | mark.goldstein@katten.com |
| Jack P. Governale | +1.212.940.8525 | jack.governale@katten.com |
| Christian B. Hennion | +1.312.902.5521 | christian.hennion@katten.com |
| Carolyn H. Jackson | +44.20.7776.7625 | carolyn.jackson@katten.co.uk |
| Susan Light | +1.212.940.8599 | susan.light@katten.com |
| Richard D. Marshall | +1.212.940.8765 | richard.marshall@katten.com |
| Fred M. Santo | +1.212.940.8720 | fred.santo@katten.com |
| Christopher T. Shannon | +1.312.902.5322 | chris.shannon@katten.com |
| Robert Weiss | +1.212.940.8584 | robert.weiss@katten.com |
| Allison C. Yacker | +1.212.940.6328 | allison.yacker@katten.com |
| Lance A. Zinman | +1.312.902.5212 | lance.zinman@katten.com |
| Krassimira Zourkova | +1.312.902.5334 | krassimira.zourkova@katten.com |

EU/UK DEVELOPMENTS

| | | |
|------------------------------------|------------------|-------------------------------|
| Carolyn H. Jackson | +44.20.7776.7625 | carolyn.jackson@katten.co.uk |
| Nathaniel Lalone | +44.20.7776.7629 | nathaniel.lalone@katten.co.uk |
| Neil Robson | +44.20.7776.7666 | neil.robson@katten.co.uk |

* Click [here](#) to access the *Corporate & Financial Weekly Digest* archive.

Attorney advertising. Published as a source of information only. The material contained herein is not to be construed as legal advice or opinion.

©2020 Katten Muchin Rosenman LLP. All rights reserved.

Katten katten.com

CENTURY CITY | CHARLOTTE | CHICAGO | DALLAS | LONDON | LOS ANGELES | NEW YORK | ORANGE COUNTY | SHANGHAI | WASHINGTON, DC

Katten refers to Katten Muchin Rosenman LLP and the affiliated partnership as explained at [katten.com/disclaimer](#).