

## Requirements for RICS firms

### Holding client money

In relation to holding client money, **RICS-regulated firms must:**

1. hold all client money in a client money account at a bank or building society authorised by the relevant banking regulatory body for the jurisdiction in which the firm is operating
2. ensure that a client money account does not contain any sums other than the whole or any part of client money paid into it, or such sums of money as may be necessary to replace any sum which by error has been withdrawn from the account, together with accrued interest on such amounts
3. not hold office money in a client money account unless it is a receipt of mixed monies where the office money is awaiting transfer
4. ensure that all client money accounts include the word 'client' (written in full) and the name of the firm in the title of the account, and that discrete client money accounts include an identifier (e.g. the client or property name) in the title of the account - a client money account must be easily distinguished from other accounts of the RICS-regulated firm
5. ensure that money held in a client account is immediately available even at the sacrifice of interest, unless other arrangements are in the best interests of the client and the client has given express instructions in writing; where the client has given instructions to hold monies in a high interest account with penalties for instant access, penalties must only be paid out of client account if the client has provided specific informed consent and this will not result in an overdrawn balance - otherwise the bank must be instructed that penalties are to be applied to the office account
6. confirm the bank operating conditions in writing with the bank that holds the client money account, including acknowledgment from the bank that monies in the client money account must not be combined with or transferred to any other account maintained by the firm - and the bank is not entitled to exercise any set off or counterclaim against money in that client money account for any sum owed to it for any other account of the firm
7. not hold client money in a firm bank account over which the firm does not have exclusive control - where a client requests that money is held in an account to which it and the firm has access this must be a bank account set up by the client, not a firm bank account.



## Receipts of client money

In relation to receipts of client money, **RICS-regulated firms must:**

- ensure all client money received is paid into a client money account promptly
- ensure that when mixed monies are received the receipt is paid into a client money account and the office money is transferred into the office account promptly
- ensure that where client instructions are to hold only part of a payment the whole payment is placed into a client money account before transferring the relevant part out promptly
- account for interest or other benefits accruing from client money to the client, unless otherwise agreed with the client in writing
- take prompt action to attempt to identify the owner of any unidentified client money received - if the rightful owner cannot be traced and the RICS-regulated firm has exhausted all avenues of investigation, the monies must be paid from a client money account to a registered charity within one year of receipt, and the RICS-regulated firm must obtain a receipt and an indemnity for those monies.

## Payments from client account

In relation to payments from the client account, **RICS-regulated firms must:**

- use each client's money only for that client's matters
- ensure that client money is returned to the client immediately as soon as there is no longer any reason to retain those funds, and any further payments received (e.g. by refund) are paid to the client immediately
- ensure all payments from client money accounts are made to or on behalf of a client and on that client's written instructions or as agreed in the management agreement
- when fees are due and payable, send an invoice or other written notification of the costs incurred to the client before withdrawing money from a client money account for payment of the firm's fees, and then transfer those monies out of the client account promptly
- check that sufficient funds are held for the relevant client before making any payments on their behalf
- obtain written permission from clients for any direct debits and standing orders on general and discrete client bank accounts
- obtain written agreement from the client before bank costs are recharged to client bank accounts.

## Accounting records and controls

In relation to accounting records and controls, **RICS-regulated firms must:**

- keep records and accounts that show all dealings with the client money and demonstrate that all client money held by the firm is held in a client money account
- put in place appropriate systems, procedures and controls to ensure payments into and transfers or withdrawals from a client account are in accordance with instructions agreed with the client



- complete regular client bank account reconciliations and demonstrate that these are reviewed by a principal of the RICS-regulated firm
- publish written procedures for handling client money on the firm's website (if any), and provide a copy of these to RICS or to any person who may reasonably require a copy free of charge
- ensure that overdrawn balances are prevented by the firm's systems and controls, and if these do occur investigate and rectify them immediately
- control and protect accounting systems and client data and adequately protect computer systems for access, firewalls, back-ups and disaster recovery.
- access to funds/bank are restricted to principals or senior level employees
- reconciliations completed as a minimum monthly and will be completed on a three-way basis where a general client account is maintained
- reconciling items will be actively investigated to ensure they are resolved and cleared
- cheques and cash banked within three working days of receipt
- payment of contractors through approval of invoices
- payment from the client monies held for a client will only be for the benefit of that client and no other client's expenditure
- bank charges are not applied to clients unless stated

## Compliance

In relation to compliance, **RICS-regulated firms must:**

- ensure compliance with all anti-money laundering legislation, rules and regulations for all receipts of client money
- ensure compliance with the mandatory requirements of the RICS professional statement Countering bribery and corruption, money laundering and terrorist financing, 1st edition
- obtain any certification required under legislation currently in force, and follow any requirements in the legislation for display or publication
- ensure that any breach of these requirements is investigated and remedied promptly on discovery, including the replacement of any money improperly withheld or withdrawn from a client account
- record any breach of the mandatory requirements of this professional statement in sufficient detail including any consideration of whether to inform RICS and any client affected by the breach
- inform RICS, the client and the insurers of the RICS-regulated firm immediately if client money is misappropriated by any person.