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**May 2025 update:**
**This letter is historical.**
**See our supervisory correspondence page**
**for more information and current views.**

12 August 2020

Dear CEO

**We expect you to act to prevent harm to your clients**

This letter is only for firms who provide a non-discretionary investment service. It is not applicable to client money balances held within a tax efficient wrapper or under a collateral arrangement for margined transactions.

We are aware that clients may have rebalanced their portfolios to mitigate volatility during the coronavirus pandemic. As a result, a number of firms who hold client money have reported an increase in client money balances – in some cases significantly so – in their reporting from January to June 2020.

Your firm's relevant Senior Manager should consider whether the firm needs to hold client money balances which are unlikely to be reinvested, or whether it would be in your clients' better interests to place these balances directly with their own current or savings account providers. We consider it good practice in this period for firms to communicate with clients about increased client money balances to ascertain whether these should be returned to them or continue to be held by the firm to facilitate further investment in the short term.

In line with the above, if it is in clients' better interests during this period, we expect firms to return client money balances which are unlikely to be reinvested in the short term. The FCA will continue to review client money balances and follow up with firms that report significantly increased balances.

Yours sincerely

**Megan Butler**
**Executive Director of Supervision - Investment, Wholesale & Specialists Division**