



## Case study: Unclaimed Assets & CASS

April 2023

### Overview

Company A needed to complete the sale of specific assets. These assets arose from a formerly listed Company B which had entered into administration with no expected return for shareholders.

In order to progress the asset sale, there was also a requirement to wind down services being provided by the registrar in relation to a Corporate Sponsored Nominee (CSN) for Company B. The registrars held almost 170,000 accounts within the CSN where there was an unclaimed cash balance as a result of previous distributions to the account holders.

Funds within CSN accounts are regulated client assets. There is no natural end-date for these assets. This was therefore causing a barrier to the sale of these assets.

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### Solution

It was agreed that Company A would discharge their responsibilities via:

- An Asset Reunification exercise be run by the registrars to trace holders and unite them with their assets wherever possible
- Holders to be given the option to have funds remitted to them, or to donate to charity
- Non-responding account holders to be transferred to an updated CSN structure charging an annual management fee, thus reducing any ongoing unclaimed cash balance over time, eventually to zero
- Non-responding account holders *with cash balances under £25* to have cash remitted to charity under existing CASS rules

The relevant sections of the FCA CASS Handbook are [7.11.56 G](#) and [7.11.57 R](#) re client money.

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### Liability

The registrars would bear the liability for any holders whose funds were paid to charity and subsequently came forward to claim these funds. Given that claim rates are typically very low for such mailings, and given the maximum liability of £25 per claim, the level of risk was acceptable.

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## Charitable Routes

There are three outcomes which resulted in a payment to charity:

- Deceased holders under £25: a mailing was sent to last known address with information on how to claim. In the event of no response the balance was paid to charity.
- Holders under £25, address unknown: a letter with updated terms & conditions and a cheque representing the unclaimed funds was sent to last known address. In the event of the cheque not being presented within 6 months and no contact from the holder, the balance was paid to charity.
- Holders with over £25 – address known: these holders were sent a claim pack with updated terms and conditions and including an option to donate the balance to charity if they so wished.

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## Chosen Charities

The decision to donate these funds came from the registrars. Both the registrar and the underlying client were mindful of the potentially sensitive nature of a mailing of this sort, where shareholder assets from a failed investment are defrayed by management fees or donated charitably if unclaimed.

The registrar chose to donate the proceeds to ShareGift. Whilst recognising that the ultimate decision as to how to distribute funds lay with ShareGift, they were aware that ShareGift would take on board the charitable interests of the underlying client. ShareGift also had the ability to consider charitable suggestions from any individual holders who elected to donate their proceeds to ShareGift.

The underlying client stated a charitable interest in charities working in a specific geographic area and in homeless charities.

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## Mailing Outcomes

Appendix 1 is a flow chart showing the approximate outcomes of the mailing to around 170,000 individual account holders. These figures were estimated close to the end of exercise when most responses had been received. Whilst not actuals, these are very close to the final figures and representative of the overall responses. The ringed boxes show charitable outcomes as follows:

1. **Under £25 held – confirmed deceased holder – untraced:** 10,266 accounts (6%)
2. **Under £25 held - other account holder – untraced or inactive:** 32,075 accounts (18.9%)
3. **Over £25 traced:** 20,305 accounts will have had the option to donate charitably here. Note this figure equates to the number of account holders given this option.

Overall, the registrar was able to trace and receive a response from 49,419 account holders (29.1%). 42,341 account balances were remitted to ShareGift under CASS rules (25%). 77,771 accounts (45.9%) remained open, with the registrars continuing to manage the assets and making attempts to communicate with the holders including the ongoing, regular delivery of account statements. Until such time as these accounts are claimed, management fees will continue to reduce these account balances towards closure.

A total of approximately £430,000 was donated to ShareGift by the registrars.

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## Ongoing Liability Outcomes

As expected, the ongoing liability for sums paid to charity, as borne by the registrars, has been negligible. In the 2 years following the remittance of small unclaimed cash balances to ShareGift, the registrar has had 51 claimants coming forward to make a claim for their donated cash balance (0.1%). All such claims, by definition, were for under £25.

The total repaid to account holders to date is £772.50.

No claims have been received in the last 6 months.

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## Charitable Distribution

ShareGift was able to uplift the total amount payable to charities from £430,000 to £486,500, as an independent philanthropic organisation. The uplift applied to distributions such as this one does vary, dependent on a number of factors.

Beneficiary charities included a range of causes and locations, with the emphasis on those suggested by the registrar and client, as well as charity suggestions from individual donors.

Charity income ranges	Grant ranges (with weighting in bold)	No. charities	Total value of grants
£1m+	£10k to <b>£25k</b>	24	£212,500
£500k to £999k	<b>£10k</b> to £25k	10	£97,500
£250k to £499k	<b>£5k</b> to £10k	12	£76,000
£100k to £249k	£2.5k to £5k	20	£65,000
£50k to £99k	£1k to £2.5k	10	£17,500
£10 to £49k	£1k	15	£15,000
Under £10k	£500	6	£3,000
		<b>97</b>	<b>£486,500</b>

90 of these charities were located in the region suggested by the client (the other 7 were national charities, with operations in the area); 20 related specifically to homelessness and housing, a cause suggested by the registrar and the client. 13 regional community foundations were included, and 7 local foodbanks.

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