

RAPLEYS LLP - CLIENT MONEY HANDLING PROCEDURE

1. Introduction

In accordance with the RICS Professional Standards and Guidance UK, Client Money Handling (1st Edition - reissued 2022), the whole of this document is to be taken as the Rapleys LLP ["Rapleys" or "we"] written procedure for Handling Client Money.

As a Scheme Member of the RICS Client Money Protection Scheme for Surveying Services, we adhere to the RICS Rules of Conduct for Firms, the RICS Client Money Protection Scheme, and any other regulations as necessary.

As a Scheme Member, we maintain one or more Client Money Accounts into which all Client Money is paid. We ensure that Client Money Accounts are designated as such and easily distinguished from other accounts and we advise clients that Client Money is held in a Client Money Account and provide them with details of that account.

2. Definition of Client Money

Client money is defined as any currency (whether cash, cheque, draft or electronic transfer) that we hold or receive on behalf of our clients as part of the delivery of our services and is not immediately due and payable on demand to us for our own account, excluding fees paid in advance for professional work agreed to be performed, and clearly identifiable as such, unless fees are for work undertaken as a property agent as defined in the Rules of the RICS Client Money Protection Scheme for Property Agents.

3. Holding Client Money

All Client Money held or received by Rapleys is banked into either a:

- a. general client bank account
- b. designated discrete account; or
- c. client controlled bank account

All bank accounts utilised by Rapleys for Client Money are exclusively controlled by Rapleys.

A general client bank account is a client bank account which holds pooled Client Money for multiple clients. A designated discrete bank account is a bank account set up to hold Client Money for a single client. The name of the client will be incorporated into the account name. A client may request that tenants pay monies directly to a bank account controlled by themselves and Rapleys will have no control over these accounts. These accounts are not covered by the RICS Client Money protection scheme.

In respect of a and b above, all Client Money is held in a Client Money account with a banking institution authorised by the Prudential Regulatory Authority (PRA), the Bank of England and the Financial Conduct Authority (FCA). All discrete bank accounts are correctly titled to include the name of the Scheme Member and the word "client" to distinguish the account from an office or any other account.

Rapleys confirm the bank operating conditions in writing with the bank with which we hold Client Money accounts, including acknowledgement that monies in the Client Money account must not be combined with, or transferred to, any other account maintained by Rapleys, and the bank shall not be entitled to exercise any right of set off or counterclaim against money in that Client Money account in respect of any sum owed to it in respect of any of Rapleys other accounts.

4. Information to Clients

We advise clients in writing of the bank account details (account name and name and address of the bank) and inform them of our procedures for handling Client Money, which includes arrangements for interest, and any retention of interest and charges.

5. Receipt of Client Money

Rapleys ensures that all Client Money is received and paid into a Client Money account promptly. When mixed monies are received, the receipt is paid into a Client Money account and Rapleys' money is transferred into its office account promptly. Procedures exist to identify and distinguish between client's and Rapleys' money. Rapleys does not receive money in cash and cheques are kept safe until they are banked.

6. Interest and Bank Charges

Bank accounts used to hold Client Money are interest bearing accounts, for which Rapleys cover all bank charges (including transaction fees and account maintenance charges). We are entitled to retain the interest earned on general clients' accounts which is used to offset the account maintenance and transactional banking costs, in line with specific client agreements, such as the Property Management Agreement (PMA). Discrete accounts are credited with interest at the agreed rate and interval. Interest due to clients is based on the published HSBC business reserve instant access account rate and will be credited on a quarterly basis, unless a PMA stipulates otherwise.

7. Payments From a Client Account

Rapleys ensures that Client Money is only used for that client's matters and is returned to the client promptly, as soon as there is no longer any reason to retain those funds. Further payments received (e.g. by refund) are also paid to the client promptly. 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 PMA.

When fees are due and payable, unless the client has given written authorisation for deduction of agreed fees without prior notification, 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 Rapleys' fees, and then transfer those monies out of the client account promptly. Sufficient funds are held on behalf of the client before payments are made and that payment requests have supporting evidence and authorisation and supervision procedures are in place for payments made.

8. Reconciliations

All general client and designated discrete bank accounts are reconciled on at least a monthly basis between the cash book, bank statements and general ledger by a member of the Accounts team, with a senior staff member signing and dating the reconciliation.

9. Accounting Records and Controls

Rapleys ensure that appropriate systems, procedures and controls are in place to record all dealings (payments in, transfers, withdrawals) of client money chronologically and that they are in accordance with client instructions. Controls are in place to ensure any overdrawn balances are prevented and where they do occur are rectified as soon as possible. Procedures are published on Rapleys website.

Rapleys ensures there are segregation of duties and responsibilities and that an appropriately competent individual oversees the client accounting function. It employs and uses competent and knowledgeable staff who are responsible for processing client's money and who are familiar with the RICS Rules also taking into consideration cover for holiday and long-term absence.

System controls are in place to protect client data and include access control, firewalls, back-ups and disaster recovery. Accounting records and systems are appropriate to the nature and volume of client account transactions.

A central list of client bank accounts is maintained, including dates of opening and closing of accounts and accounting records, including copies of reconciliations, are securely kept for at least six years.

10. Compliance

Rapleys will ensure compliance with anti-money laundering and other legislation in line with RICS rules. Employees are asked to follow all procedures for handling Client Money and do not override any controls in place to protect it.

Appropriate disclosures are made to a senior member of Rapleys or a regulator immediately if they become aware of any risk of or actual misappropriation of Client Money and to keep a written record of that disclosure.

11. Unidentified Client Money and Donations to Charity

Should Rapleys receive any funds that we are unable to identify, we will do our best to understand which client they relate to and upon identification, reimburse the client as soon as possible. If within 3 months no-one has claimed unidentified monies, and all avenues of investigation have been exhausted, we will ask the bank to return the payment. If this is not possible we will retain the payment for 3 years after which we will donate it to a registered charity of our choice.

This procedure will be reviewed at least annually.

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HEAD OF PROPERTY ASSET MANAGEMENT
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