SAFEGUARDING DISCLOSURE

PXP Financial Limited (‘PXP’) is an Authorised Payment Institution (‘PI’) which is licensed and regulated by the Financial Conduct Authority (‘FCA’). Under rules and requirements set by the FCA and defined under the Payment Services Regulations 2017, PXP is legally obliged[1] to safeguard customer funds which it receives and holds on behalf of its customers which arise directly from PXP’s provision of payment services. Under the safeguarding rules, these funds are known as ‘Relevant Funds’.

PXP fully complies with the safeguarding requirements of regulation 23 of the Payment Services Regulations 2017 and we safeguard customer funds using the segregation method[2].

The segregation method under the safeguarding rules requires that PXP keeps customers’ funds completely separated from its own operational funds in a fully segregated, safeguarding bank account which is held with a fully authorised credit institution. The safeguarded bank account has specific designation to clearly show that it holds funds which are PXP’s customer funds – the safeguarding rules also require that the safeguarding bank account only holds customer funds and there is no mixing or ‘co-mingling’ of customer funds and PXP’s own funds in the safeguarding bank account. This approach provides a clear view of which funds are PXP’s own funds and which funds belong to our customers.

In addition, under the safeguarding requirements, PXP must at least once every business day, complete a full reconciliation of the funds it holds on behalf of customers to ensure that the amount of funds held in its safeguarded bank account is 100% matched to the amount of funds it holds and are due to customers, and to ensure this liability is fully covered.

All PI’s regulated by the FCA are required to adhere to the safeguarding rules and requirements. In the event of a worst-case scenario and a PI going into liquidation, safeguarding is intended to provide protection to customers whereby

> i). the PI holds sufficient funds in its segregated, safeguarded bank account to cover all funds it holds on behalf of and are due to its customers, and
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> ii). It is clear to a liquidator or administrator that funds held in the safeguarded bank account are 100% owned by and for the benefit of customers and should not be considered as the PI’s own funds.

This is intended to ensure that the PI’s customers receive the full amount of their funds in the event of a liquidation. All PI’s must also complete an annual audit of their safeguarding processes and procedures to ensure these are effective and fully meet the rules and requirements. The audit must be undertaken by a suitably qualified, independent firm.

For the avoidance of doubt, the Financial Services Compensation Scheme[3] (FSCS) does not apply to customer funds as the FSCS does not cover funds held on behalf of customers by PI’s. Protection of customers and funds held on their behalf by a PI is provided via the safeguarding rules and requirements.

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[1] Safeguarding requirements for authorised payment institutions and electronic money institutions | FCA

[2] Payment Services and Electronic Money – Our Approach (fca.org.uk)

[3] Financial Services Compensation Scheme | FSCS