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Client money segregation

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In short: Segregation means client money is held in separate accounts, apart from the broker's own money, so it should not be used to pay the broker's creditors if it fails. It is the first line of protection; compensation schemes only step in if segregated money is missing.

Jurisdiction	Client money rule
Anjouan (Comoros)	No recognised regulation.
Australia	Client money must be held in a trust account under the Corporations Act client money rules.
Bahamas	Client asset rules apply under the Act and CFD Rules.
Belize	Licence conditions require client orders to be handled in order of receipt and net capital compliance; check the conditions for client money.
British Virgin Islands	Client asset rules apply under SIBA and the Regulatory Code.
Cayman Islands	Client asset rules apply under CIMA's rules and statements of guidance.
Cyprus	Client funds must be segregated from the firm's own funds under MiFID II safeguarding rules.
Germany	Client money must be safeguarded and kept separate under MiFID II.
Grande Comore (Comoros)	No recognised regulation.
Labuan (Malaysia)	Client money must be kept in separate accounts, never mixed with the broker's assets, reconciled monthly and returned within three working days of a withdrawal request; it is not available to the broker's creditors.
Marshall Islands	No regulation.
Mauritius	Client assets rules apply under the securities legislation; check license conditions.
Mohéli / Mwali (Comoros)	No recognised regulation.

Jurisdiction	Client money rule
Nauru	No recognised regulation.
Poland	Client money and instruments must be segregated.
Saint Lucia	No regulation.
Saint Vincent and the Grenadines	No regulation.
Seychelles	Required under FSA rules according to the guidelines; check the license conditions.
Singapore	Customer money must be kept in trust accounts under the SFA rules.
South Africa	Client funds rules apply under FAIS and the FMA regulations.
Switzerland	Client deposits at a bank are deposits, protected up to a limit; securities are held off-balance sheet.
United Arab Emirates	Client money rules apply under each rulebook.
United Kingdom	Client money must be held under the FCA's client assets (CASS) rules.
United States	Retail forex customer funds are subject to CFTC and NFA financial requirements.
Vanuatu	Not confirmed from the sources reviewed.

Segregation reduces risk but does not remove it: shortfalls can arise from fraud, operational failures or the failure of the bank holding the account. That is why the existence of a compensation scheme matters.

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