

K&L GATES LLP

CLIENT ACCOUNT INTEREST PAYMENT POLICY

AS OF 3 JANUARY 2024

Practice notes:

1. The Firm is required by the Solicitors Regulation Authority to have a written policy on the payment of interest on its client account.
2. The terms of the policy must be drawn to the attention of a client or third party upon receipt of monies into the Firm's client account in relation to one of their matters, unless it is inappropriate to do so in the circumstances.
3. Our standard terms of engagement refer to this policy but a copy of this policy must be given to the client or the third party if there is a deposit into the Firm's client account in relation to one of their matters from 3 January 2024 onwards.
4. Complaints or questions relating to this policy should be referred (initially verbally) to Jonathan Lawrence as Compliance Officer for Finance and Administration and Assistant General Counsel or, in his absence, to Paul Callegari as London Managing Partner.

CLIENT ACCOUNT INTEREST PAYMENT POLICY

1. The Firm must account to clients or third parties for a fair sum of interest on any client money held by us on their behalf. The Firm may by a written agreement come to a different arrangement with the client or the third party for whom the money is held as to the payment of interest, but the Firm must provide sufficient information to enable them to give informed consent. This policy contains the Firm's provision of such information and how we interpret our obligations to clients and others. Whether or not the client or third party replies to us upon receipt of this policy, we will act or continue to act in reliance on the understanding that this policy is agreed by the client or the third party in relation to our holding of their money.
2. The Solicitors Regulation Authority Accounts Rules 2019 (collectively the **Rules** and individually a **Rule**) govern the Firm's regulatory obligations in relation to the payment of interest.
3. The Firm will not pay interest if the interest earned on the relevant balance is £50 or less. Interest is calculated in respect of the period during which the money is held in our client account and not on a quarterly, annual or other basis.
4. The Firm will pay interest of £50 or more to the client of the firm in whose name the money is held, not to any third party who may have deposited the money in the client account or to any recipient of the money in the client account, other than the client. Save that, when the Firm holds money as stakeholder, it will pay interest to the person to whom the stake is paid, unless the parties notify the Firm that they have contracted differently.
5. If the client (a) does not want the interest of £50 or more or (b) does not supply its bank account details for the payment of the money or (c) rejects and returns the interest or (d) does not cash a cheque for the interest after a reasonable period, the Firm will either move the money to its office account or give the money to a charity of the Firm's choice.
6. The sum actually paid by way of interest need not necessarily reflect the highest rate of interest obtainable and the Firm's policy on the calculation of interest takes into account factors such as:
 - (a) the amount held;
 - (b) the length of time for which cleared funds were held;
 - (c) the need for instant access to the funds;
 - (d) the use of a simple (not compounded) interest rate calculation;

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- (e) the rate of interest payable on the amount held in an instant access account at the bank where the client account is kept; and
 - (f) the administrative burden of calculating small amounts of interest on client account sums whilst the interest rate is low (currently 0.1% as at the date of this policy).
7. When looking at the period over which interest must be calculated, reference will be made to actual clearance dates. When money is received by telegraphic transfer and paid out by telegraphic transfer, the normal clearance periods would be from the date when an incoming telegraphic transfer begins to earn interest until the date when the outgoing telegraphic transfer is authorised. When money is received by cheque and paid out by cheque, the normal clearance periods will usually cancel each other out, so that the Firm will look at the period between the dates when the incoming cheque is banked and the outgoing cheque is drawn.
8. In practice money held in a client account will invariably be held in an instant access account to facilitate a transaction. Clients or other third parties entitled to receive interest are therefore unlikely to receive as much interest as might have been obtained had they held and invested the money themselves.
9. The Firm does not open designated client accounts (i.e. an account used to hold client money in a single account for a single client or for a single matter) due to the administrative burden of opening such accounts.
10. If sums of money are held in relation to separate matters for the same client or third party, we will treat the money relating to the different matters separately unless, in the particular circumstances of the case, it is fair and reasonable to aggregate the sums of money.
11. This policy supplements and does not override the Rules.
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K&L Gates LLP is a limited liability partnership registered in England and Wales under number OC309508 and is authorised and regulated by the Solicitors Regulation Authority. A list of members' names and their professional qualifications may be inspected at our registered office at the above address.