

# Corporate & Financial Weekly Digest

March 2, 2012 by [Edward Black](#)

## UK Supreme Court Lehman Client Money Decision

On February 29, the UK Supreme Court handed down its decision upholding, in part unanimously and in part by a 3-2 majority, the Court of Appeal's November 2010 decision in the LBIE client money case - *Re Lehman Brothers International (Europe) (in administration)*.

The Supreme Court held unanimously that the statutory trust under the UK Financial Services Authority's client money rules arises at the time of receipt of monies required to be treated as client money.

It was held by a majority, first, that the client money pool should include money required to be treated as client money which was held in house accounts as well as money held in segregated client money bank accounts; and second, that clients with a contractual right to have their money treated as client money were entitled to share in the client money pool - that entitlement was not restricted to clients for whom client money had actually been segregated. Accordingly, the client money pool will be distributed *pro rata* to all clients entitled to claim against the pool.

The Supreme Court decision may be viewed [here](#).

Katten Muchin Rosenman LLP  
Charlotte Chicago Irving London Los Angeles New York Washington, DC