

The Financial Conduct Authority (FCA) has recently asked regulated firms like us to clarify to their clients some points around the security of their funds while they are held with Mercury.

It's important to us that you are aware that we, Mercury FX Ltd, are an authorised Electronic Money Institution (EMI), regulated by the FCA in the UK under the Electronic Money Regulations 2011 for the issuance of electronic money and the provision of payment services.

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## The nitty-gritty

When you or someone else sends money to your Mercury e-account, we credit those funds to your e-account. The money held in your account is known as 'electronic money' or 'e-money' (a bit like all money these days).

While this may sound similar to what a bank does when funds are received into a current account, we are not a bank and therefore:

- We do not take your money as a deposit to use for our own purposes (yes, that's a good thing!)
- We do not lend your money to other customers (yep, that's another good thing!)
- Your e-money is not covered by the Financial Services Compensation Scheme (FSCS) (this might be the best thing - let us explain in simple language...)

## What does this actually mean?

To ensure your money is safe we follow a process known as 'safeguarding', which is a regulatory requirement for all EMIs.

In this process, we keep your money separate from our own money and place it in safeguarded accounts with our banks. Mercury holds ALL customer funds in safeguarded accounts.

The funds are held by our banks on trust for our customers. Unlike with the FSCS, which provides compensation only up to £85,000, safeguarding means that if funds are held in an e-money account, the full value (minus administrative costs applied by the insolvency practitioner) will be returned to you in the event that we or one of our banks go out of business.

As an additional security check which provides our customers with even more peace of mind, we have to have independent experts check that we are compliant with our safeguarding obligations every year. The report is available to the FCA on request.

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We hope that this letter has given you even more confidence to use Mercury to manage your money. Depending on your interpretation, it may even sound like we're safer than a bank...

You can find more information about using a non-bank payment service provider on the [FCA's website](#), and we go into more detail about how we do things on our own website.

If you have any questions, please contact us on [contact@mercury-fx.com](mailto:contact@mercury-fx.com).

**The Mercury Team**