



The future of commerce is here

How Modulr is

Regulated

The following guide outlines how Modulr is regulated, licenced and safeguards funds on behalf of its clients.



Overview

Modulr FS Ltd (FRN: 900573) is licensed as an authorised E-Money Institution (EMI) and regulated by the Financial Conduct Authority (FCA).

This enables Modulr to issue electronic money (e-money) to its customers, hold customer funds in safeguarded e-money accounts and provide related payment services to customers.

Payment services in the UK are subject to the Payment Services Regulations (PSRs).

The PSRs apply to all payment services, meaning in relation to payment services, there is no difference in how Modulr, other payment service providers and banks are regulated.

How Modulr safeguards customer funds

Modulr customers are issued with e-money accounts on the Modulr platform.

These accounts have an account number and Modulr sort code, or an IBAN associated with Modulr's bank identifier code (BIC). These e-money accounts are provided under Modulr FS Ltd's licence as an EMI (FRN: 900573).

In line with Modulr's regulatory requirements, 100% of customer funds related to the e-money that Modulr FS Ltd has issued are segregated from Modulr's own funds, and safeguarded in a Bank of England account. As such, e-money in Modulr accounts is protected from any risk connected with Modulr's solvency.

How customers are protected

In line with the Electronic Money Regulations, Modulr FS holds additional “own funds” to the value of 2% of the safeguarded balance. EMIs like Modulr Fs Ltd have a responsibility to notify the FCA should the “own funds” fall below the 2% mark.

The “own funds” requirement and safeguarding requirement means customer funds are 100% available to a customer, and there is a protection mechanism to help ensure an orderly wind down of an EMI if required.

While the Financial Services Compensation Scheme (FSCS) is not applicable in relation to e-money products, the regulatory regime outlined above can be [relied upon](#) and protects the full balance of customer funds, as opposed to protecting up to a cap (as under the FSCS).

With regards to money laundering and the Proceeds of Crime Act, Modulr has the same obligations as other payment service providers and banks.

If you would like to find out more,
please reach out to info@modulrfinance.com

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