

Bondsmith FAQ

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Providing options to make your clients' cash work harder

The current cash facilities on platforms like ours aren't designed to hold large balances of cash for long periods of time. Instead, they help facilitate the payment of fees and charges, or act as a temporary haven when markets are volatile.

If your clients want their spare cash to work harder in the medium to long term, we offer access to specific products with attractive rates of return via our **cash panel**.

Bondsmith are an FCA regulated provider of cash solutions, and we partner with them to ensure your clients have access to a wide range of competitive fixed term deposit accounts.

This document provides further information to help answer any queries.

FAQs

Q: Who are Bondsmith?

A: Bondsmith are an FCA regulated third party that offers access to fixed term deposits from a wide range of UK regulated deposit takers (banks and building societies), covered by the FSCS.

Q: What does the cash panel offer?

Wider selection of deposit takers	Competitive rates	Lower minimum deposit	Broader range of terms
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A: This enhanced cash panel offers attractive rates of interest from a wide selection of deposit takers, and on a broad range of terms – from three months to five years.

These accounts have a low minimum deposit amount to provide greater flexibility and enable more clients to benefit from them. The minimum deposit amount varies between deposit takers, typically between £1k and £25k.

Q: Where will details of the panel be published and how often will they be updated?

A: Full details of deposit takers and applicable interest rates are available on our website:

- For [advisers](#)
- For [customers](#)

Details will be automatically updated whenever there's a change to deposit takers, products and terms offered.

Q: Which Nucleus products are compatible with the cash panel?

A: The cash panel can be used via the following products:

- Nucleus Pension account (includes drawdown)
- Nucleus General account (including those held in joint names)

Q: Are there any restrictions to using the Bondsmith service?

A: The cash panel is only available to individual and joint customers who are 18 or over and resident in the UK. Corporate, charity and trustee (which includes accounts held in the name of a SSAS provider) applications are not accepted.

Q: Is the cash panel covered by existing terms and conditions?

A: The Bondsmith service is subject to separate terms and conditions which customers will need to read when applying. By placing an instruction with a fixed term deposit, they'll be deemed to have accepted the Bondsmith terms and conditions.

They'll become a customer of Bondsmith, once the instruction to invest in a fixed term deposit has been received and accepted by Bondsmith.

These terms and conditions are located on the website and the platform library.

- For [advisers](#)
- For [customers](#)

We've also amended our Nucleus Wrap terms and conditions to reflect the addition of Bondsmith to enable access to deposit accounts. There are some implications for customers to be aware of. For example, Nucleus' cash interest policy will not apply to holdings invested in fixed term deposit accounts held with Bondsmith. Bondsmith are also not subject to CASS rules (they're authorised and regulated by the FCA under the Electronic Money Regulations 2011). Further information is detailed in our Nucleus Wrap terms and conditions (located on the platform library) and the Bondsmith terms and conditions (located on the website).

Q: What's the application process?

A: You can access a range of deposit accounts made available by Bondsmith by logging on to our platform and searching for the name of the deposit taker (e.g. Santander). You'll be able to view the deposit accounts available (with the term and rate in the name of the asset) which will allow you to select the deposit account(s) you wish to invest in. This is the same online trading process for all asset types available on Nucleus Wrap.

Once you've submitted the trade instruction on the platform, we'll apply to Bondsmith who will place the deposit with the relevant deposit taker. If the trade instruction is submitted on the platform before 10:40am (on a business day) we'll apply to Bondsmith that day, and if after 10:40am we'll apply the following business day. It's expected to take up to two business days from receipt of the instruction on our platform to the deposit being placed with the deposit taker.

Rates of interest (for deposits placed with a deposit taker) will be available on our website. Normally, you'll receive the rate you expect on the day the investment instruction is placed. However, if the rate changes during the period between the instruction and the investment being placed by Bondsmith with the deposit taker, the instruction will be rejected, and you'll need to place a new instruction.

We expect the vast majority of cases to go straight through. In a minority of cases, Bondsmith may need additional know your customer (KYC) details to satisfy their own anti-money laundering (AML) requirements before passing the instruction to the deposit taker. Ultimately,

the customer will become a customer of Bondsmith, so Bondsmith need to be comfortable that these checks are in place. In these instances, Bondsmith will contact you directly. Additional information may be required as detailed in our product terms and conditions and the Bondsmith terms and conditions.

Q: What's a fixed term deposit account?

A: A fixed term deposit account has a specific term (such as six or twelve months). Once a fixed term deposit account is open, funds can't be withdrawn from it until the end of the term (see later question when early closure requests may be accepted). This means cash is locked away in the account for the full length of the term, after which it automatically returns to the customer's account with the interest that's accrued on the deposit over that time.

Q: What are the charges?

A: Advertised interest rates are net of any interest payable from the deposit taker (i.e. cash panel deposit taker) to Bondsmith.

- Currently, Bondsmith may receive up to 0.10% from each deposit taker.
- The advertised rate that the customer will receive for a specific deposit account already factors in (and will not be reduced by) this margin.
- Bondsmith deduct their charge from the interest received from the deposit taker, before crediting interest owed to the customer at the advertised rate, to their Nucleus bank account. The Nucleus platform charge also applies to holdings in the cash panel.
- If your client's account is linked to a DFM service, please be reminded that DFM fees are calculated on all assets held within the account. You may wish to consider opening a separate account to house the fixed term deposit product to avoid that proportion attracting the DFM fee.

Q: How will the holding be reported online and on valuation statements?

A: It'll be reflected as a fixed term deposit holding (showing the name of the deposit taker, term and rate) on the platform and in any relevant outputs. However, the maturity date relevant to the customer will not be stated in the name of the asset but can be determined by looking at the date the fixed term deposit was placed by the deposit taker and the length of the term.

Q: Will accounts auto mature?

A: Fixed term deposit proceeds will be returned on maturity to the customer's Nucleus account. The maturity date relevant to the customer will not be stated in the name of the asset but can be determined by looking at the date the fixed term deposit was placed by the deposit taker and the length of the term.

Q: Will all interest be applied at maturity, or will some be rolled back into the fixed term deposit over the term?

A: For fixed term deposits it will depend on the product.

The majority will pay interest at maturity. However, some deposit takers reinvest interest to the account on an annual basis, so interest compounds over time. It'll state how interest is applied in the deposit taker's summary box document (this is available on our website and platform).

Another way to check is by looking at the gross rate and AER (annual equivalent rate). When reviewing 12 month+ products:

- If the AER is lower than the gross, then interest is paid at maturity.
- If the AER is higher than the gross, then it's paid annually, and interest compounds.

Q: What options are available for the early closure of an account?

A. Fixed term deposit agreements are generally unbreakable. Deposit takers may make exceptions and break them in the case of death, divorce or financial hardship*, however this isn't guaranteed and is at the discretion of each deposit taker.

Financial hardship* is relatively subjective, and typically Bondsmith would ask the deposit taker to consider the narrative/evidence of a particular scenario. To manage customer expectations, we've included some guidelines below:

***Financial Hardship:**

Scenarios a deposit takers likely to consider	Scenarios a deposit taker isn't likely to consider
<ul style="list-style-type: none">• Terminal illness• Emergency medical care• Where not breaking would put someone (or an immediate family member) in financial distress or danger	<ul style="list-style-type: none">• House purchase• Wanting to invest elsewhere• The customer has seen a new deposit with a higher rate• To fund discretionary spending• Simply wanting to withdraw early

Please note the above scenarios are not guaranteed and any decision will be at the discretion of the deposit taker at the time of request.

Q: Will the illustration system reflect these changes?

A: Yes, illustrations reflect the use of Bondsmith.

Q: Does FSCS protection apply?

A: Bondsmith are a third-party deposit aggregator that is authorised and regulated by the FCA as an electronic money institution.

Customers who access deposit accounts via Bondsmith are required to read and accept Bondsmith's terms and conditions and will become its customer. The Bondsmith terms and conditions specify that when customer cash is held with Bondsmith (i.e. between it being transferred to/from Nucleus and the relevant deposit taker), it's held in a segregated trust account in the name of Bondsmith's nominee. It will not be available to Bondsmith's creditors in the event of insolvency.

All deposit takers offered through the cash panel are UK regulated and members of the Financial Services Compensation Scheme (FSCS).

With cash that's not transferred to Bondsmith and held in the Nucleus account, we pool customer cash and spread the risk by placing it across multiple deposit takers.

The deposit takers we use vary by platform and product. Customers are protected under the FSCS and up to £120,000 for each deposit taker. The level of protection depends on how we've allocated the cash across the panel, and the level of any independent cash customers hold with these deposit takers (such as those held through the cash panel).

There's potential for duplication of deposit takers. However, as far as possible and without compromising the quality of the cash panel, we try not to offer the same deposit takers on the cash panel that are used within our treasury management.

Q: Can you facilitate re-registrations/in specie transfers of fixed term deposits:

A: **Transfers/re- registrations out** - Bondsmith may allow transfers out in specie where the deposit taker will facilitate. This may be a re-registration to another provider's name or remaining in Bondsmith (with the customer's name changed to the new provider).

Transfers/re-registrations in – Bondsmith are currently unable to accept transfers in.

Q: What's the 'selection process' for allowing deposit takers onto the panel?

A: We specify to Bondsmith that the deposit takers must be FCA regulated and offer FSCS protection. We reserve the right to refuse access to a deposit taker.

Bondsmith also undertake further diligence on deposit takers. We're satisfied with their process which includes their assessment of financial stability of the deposit takers and credit ratings (where applicable). If they've material concerns with a deposit taker, they're obliged to let us know about their concerns. We can then decide whether we stop offering access to the deposit taker.

Q: What due diligence was undertaken for partnering with Bondsmith?

A: As per other third party relationships, we took Bondsmith through our standard due diligence process – this included a review by relevant experts within our business such as information security, compliance, and data governance. Being a key relationship, and once we are sure that Bondsmith would add extra value to our investment offering, our senior management approved our partnership.

In addition, our requirement is that Bondsmith are authorised and regulated by the FCA.

Q: How do you/your clients get notified of the actual rate on offer?

A: We disclose the latest indicative rates on our website and platform. When an application has been processed by the deposit taker and fixed term deposit set up, this would be confirmed by us in a contract note as per the current process.

Q: Can the customer decline if the rate has moved since application was submitted?

A: Applications can be withdrawn, however this would only be possible in the short period before Bondsmith have placed the application for the fixed term deposit with the deposit taker.

Normally you receive the rate you expect on the day you instruct the investment into a deposit. However, if the rate changes during the period between the instruction and it being placed by Bondsmith with the deposit taker, the instruction will be rejected and you'll need to place a new instruction.

Q: What is the service standard for moving applications through to Bondsmith?

A: Once an application has been received, it's passed to Bondsmith who'll place the deposit with the relevant deposit taker. It's anticipated to take up to two business days from receipt of the instruction on our platform to the deposit being placed with the deposit taker.

Q: What other low risk investment options do we offer?

A: We offer access to a diverse range of assets and investment solutions suiting all risk types. This includes a number of potentially lower risk options:

- cash panel via Bondsmith
- access to money market funds
- lower risk rated model portfolios offered by discretionary investment managers and advisers
- access to gilts and bonds via our chosen stockbroker

However, a Pension account or General account that invests in the markets typically provides the best return over the longer term.

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