



BREWIN
DOLPHIN

Client assets key
information document

Contact us

T: +353 (0)1 260 0080

E: info@brewin.ie

W: www.brewin.ie

Contents

Introduction	4
An explanation of the Regulations	4
An explanation of what constitutes client assets under the Regulations (Client Assets)	4
The circumstances in which the Regulations apply and do not apply	4
An explanation of the circumstances in which the Firm will hold Clients Assets, hold Client Assets with a third party and hold Client Assets in another jurisdiction	5
The arrangements applying to the holding of Client Assets and the relevant risks associated with these arrangements	6

1. Introduction

As you are aware Brewin Dolphin Wealth Management Limited (“Brewin Dolphin”, “BD”, the “Firm”, “we”, “us” or “our”) provides a portfolio management service to you as our client under our terms of business.

We have appointed Pershing Securities International Limited (“PSIL”) as the main custodian and settlement agent of all our client business and the primary holder of client money. As agent for our clients, we have entered into contracts, with PSIL and clients, whereby PSIL is the custodian and settlement agent in respect of clients’ financial instruments and client money. When client assets are held by PSIL, PSIL is providing the service directly to you as its client, and it has regulatory responsibility for them (see section 5 for more details). When client assets (both funds and financial instruments) in your portfolio account are held by us we have regulatory responsibility for them.

2. An explanation of the Regulations

The manner in which we handle your assets is governed by the the relevant client assets sections of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) and the current Irish statutory instrument and any other relevant legislation in relation client assets, as same may be amended or superseded from time to time, collectively referred to as the “Regulations”. These documents can be found on the CBI Website at the following web address.

<https://www.centralbank.ie/regulation/industry-market-sectors/client-assets>

The Regulations require BD to provide you with a Client Assets Key Information Document (“CAKID”) with the following objectives:

- i. Explain certain key features of the Regulations;
- ii. Provide you with information pertaining to the arrangements to ensure that your assets are protected; and
- iii. Highlight any risks relating to your arrangements with us.

Please read this CAKID in conjunction with BD’s Terms of Business.

Key Principles of the Client Asset Regulations

The purpose of the Regulations is to regulate and safeguard the handling of client assets as defined (see below). The Regulations also enable swift and safe return of these assets to the clients in the event of insolvency of an investment firm. However, it is important to note that all risks relating to client assets, some of which are identified in Section 6 below, can never be fully eliminated.

The key principles of these Regulations require that:

- Client assets are segregated from BD’s and PSIL’s own assets through registration of client assets in designated

Client Asset Accounts with the relevant institution holding the assets;

- BD and PSIL respectively ensure the accuracy of their own records and those of the institutions holding the assets, through regular reconciliations and daily calculations;
- BD inform you, through BD’s and PSIL’s respective terms of business, and this CAKID, about the arrangements in place in relation to Client Assets and where relevant, obtain your consent to the manner in which your assets are held;
- BD and PSIL have appropriate risk management processes and systems, including documented policies and procedures, to ensure that a risk based approach is adopted in safeguarding your assets;
- BD and PSIL respectively engage an external auditor to provide and assurance report on an annual basis in relation to the their respective safeguarding of Client Assets.

3. An explanation of what constitutes client assets under the Regulations (Client Assets)

BD Client Assets include both:

- i. Client Funds:- Any money, to which you are beneficially entitled, which we have received from you or on your behalf. It includes cash, cheques or other payable orders, current and deposit accounts including pledged accounts you may have.
- ii. Client Financial Instruments:- Any financial instrument (for example, shares, bonds and units held in collective investment schemes) held by us on your behalf, including any held with a nominee, but excluding any of your assets held by PSIL under their client relationship with you, and any assets in your own name where you hold the share certificate.

The values assigned to your investments are not covered by these Regulations.

4. The circumstances in which the Regulations apply and do not apply

It is important to note that the Client Asset Regulations:

Do apply:

- i. To funds or financial instruments that have been received in respect of activities which are regulated financial services.
- ii. Once a cheque or other payable order is received by BD or PSIL, except where it is payable to a third party and transmitted by BD or PSIL to that party.
- iii. Once interest is received where it has been agreed in writing that it is payable on your Client Funds.
- iv. Until a cheque sent to you by us or PSIL has been cashed.

Do not apply:

- i. Where funds or financial instruments have been received in respect of activities which are not regulated financial services

(the financial services for which we are regulated are set out in Term 4 of our Terms and Conditions).

- ii. Where you have transferred full ownership of funds or financial instruments to cover or secure present or future, actual or contingent or prospective obligations.
- iii. Where BD or PSIL receive a cheque or other payable order from you or on your behalf payable to a third party and we transmit it to the third party.
- iv. To funds that are due and payable to BD or PSIL in accordance with BD's or PSIL's Terms of Business.
- v. Where a cheque or other payable order received from you on your behalf is not honoured by the bank.
- vi. Where funds have been paid to you or a nominated third party (within the limited circumstances such instructions can be undertaken). Please note that payments to third parties can only be carried out on written instruction from you. Completion of an order or application form is considered a request to pay a third party.
- vii. Where financial instruments are registered in your own name and BD or PSIL are not providing safe custody.

Under the Regulations, Client Assets cease to be client assets where:

- i. they are paid, or transferred, to you whether directly or into an account with a third party or a relevant party in your name (not being an account which is also in the name of the investment firm); or
- ii. they are paid, or transferred, to a third party on your written instruction and are no longer under the control of BD or PSIL. In addition, acting in accordance with the terms of an investment management agreement or the completion of an order or application form will be considered to be a request from you to pay your assets to a relevant third party.

5. An explanation of the circumstances in which the Firm will hold Clients Assets, hold Client Assets with a third party and hold Client Assets in another jurisdiction

Client Assets held by BD may be held with the following institutions:

- i. An authorised credit institution (i.e. a regulated bank).
- ii. A nominee company owned by BD.
- iii. A nominee company of a relevant party (e.g. a Stockbroker).
- iv. An eligible custodian.
- v. A qualifying money market fund.

Client Assets may also be held directly by BD in specific circumstances or where they have been received as part of a settlement process.

Client Assets held by PSIL may be held with the following institutions:

- i. An authorised credit institution (i.e. a regulated bank).
- ii. A qualifying money market fund.
- iii. A nominee company owned by PSIL.
- iv. A member of PSIL's Group.
- v. An eligible custodian.
- vi. A relevant party (e.g. an exchange which is a regulated market or clearing house).

All Client Asset Accounts are clearly designated as "Client Asset Accounts" in both BD's or PSIL's internal records and the records of any of the institutions actually holding the assets.

5.1 Client Funds:

Funds received are lodged to a Client Asset Account with a regulated bank, a qualifying money market fund, an eligible custodian, a qualifying fund, or a relevant party, either by BD or PSIL.

Funds are lodged to an account in the same currency as they are received unless BD or PSIL respectively does not have a Client Asset Account in that currency and it would be unduly burdensome to open one. As a matter of policy, such amounts are converted into an alternative currency at the rates prevailing when lodged to the Client Asset Account.

Where funds are received which include funds not qualifying as Client Funds, the total funds are lodged to a BD or PSIL Client Funds Account and a transfer is subsequently made of the portion not deemed Client Funds to a non-Client Asset account without delay.

Our preference for you to transfer funds by way of electronic transfer to PSIL. To facilitate this, details of PSIL's Client Asset bank accounts are provided to you.

BD Client Funds

BD maintains and operates a client asset chequing account with an Irish regulated bank for the purpose of making payments to or on behalf of clients when requested. This client asset chequing account is a pooled account and we refer to section 6 regarding the risks associated with pooled accounts.

PSIL Client Funds

Funds held by PSIL are to facilitate settlement of transactions on your account and / or as an integral part of your portfolio. Client Funds held by PSIL are generally held in pooled client accounts. This means that a number of clients' funds are held in the same Client Asset Account with the relevant bank. However PSIL maintains detailed records identifying the amount being held for each client in the account. We refer to section 6 regarding the risks associated with pooled accounts.

5.2 Client Financial Instruments

BD Financial Instruments

BD does not generally provide safe custody arrangements for the holding of share certificates or other physical instruments in your own name. Where BD receives such instruments either from you, or on your behalf as a result of transactions, the Firm passes them to you or the relevant settlement agent without delay. In such cases BD maintains a log of all receipts and dispatches of share certificates.

BD may also hold physical instruments in certain specific circumstances. These instruments will be held in a fire proof safe on our premises and reconciled on a regular basis. Where appropriate and possible, these instruments can be registered in the name of a nominee company owned by BD.

Certain client financial instruments are held with other stockbroking firms, (including Investec Wealth and Investment and Goodbody Stockbrokers Limited). These Client Assets are normally held in pooled accounts on your behalf and to the order of BD or BD Nominees Limited. They will not be registered in your name, but may in some instances have a reference to your name in the account title. Pooled nominee structures are more fully described in the following section, PSIL Financial Instruments.

PSIL Financial Instruments

Your financial instruments held by PSIL will not be registered in your own name. Documents of title to your investments shall be held in physical or dematerialised form by PSIL, an eligible custodian or a relevant party. These entities will be the legal owner of all the instruments registered in their name. They are, however, only holding the financial instruments in trust for you as the beneficial owner.

In some instances, due to the characteristics of a particular financial instrument, it is not possible for PSIL to hold the assets within the Irish jurisdiction. In such cases they will be held with a custodian in another jurisdiction. It is important to note that where assets are held outside this jurisdiction:

- i. The Client Assets Regulations applicable may differ to those applicable within this State.
- ii. The Investor Compensation Scheme in operation in Ireland will not apply to any default by the foreign custodian.

PSIL hold Client Assets on a pooled nominee basis. Under this structure, the share register of the companies in which the underlying investors hold shares (investment companies) will show one entry for the nominee company. This entry will be the aggregate of all the individual investors' holdings. We refer to section 6 regarding the risks associated with pooled accounts and where assets are held outside Ireland or the European Economic Area (EEA) as described above.

PSIL are obliged to keep a detailed breakdown of each individual investor's holding. The total of these holdings must equate to the aggregate on the investment company's register.

6. The arrangements applying to the holding of Client Assets and the relevant risks associated with these arrangements

Your funds and financial instruments are held by BD or PSIL in specifically designated Client Asset Accounts with the institutions outlined above. Transactions in respect of your assets may only be undertaken by the institution based on an instruction from BD.

The principal risks associated with holding your assets in this manner include exposures relating to:

- **Loss of financial instrument and/or client funds:-** the risk that those charged with safeguarding client assets fail to ensure your assets are only released when authorised by the fund manager or agent on your behalf.
- **Administrative risk:-** the risk that due to administrative errors, accurate records are not maintained detailing your correct shareholdings.
- **Default Risk:-** the risk that the owner of the nominee company goes into liquidation or the custodian or bank goes into liquidation.
- **Corporate Actions Risk:-** the risk that corporate actions are missed by the relevant custodians.
- Negligence or the perpetuation of a fraud by persons employed by either BD, PSIL or the institution holding your assets.
- Misappropriation of your assets.
- **Risks associated with pooled accounts:-** under a pooled arrangement, your assets are held along with investments belonging to other clients. The risks associated with this arrangement are:
 - a. This involves a possibility where assets held for one client are temporarily used to meet the settlement obligations of another client;
 - b. In the event of an irreconcilable shortfall, you may not receive your full entitlement and you may share in the shortfall in proportion to your original share, or on some other basis in accordance with the applicable law;
 - c. When your investments are pooled, you may not receive the same treatment or options when there is a corporate action or other event as you would if the investment were held in a separately designated account with a nominee company or custodian, or held in your own name. For example, following an allocation or share issue that favours the small investor, your allocation may be less than it otherwise would have been if your investments had been registered in your own name;

d. You may forego rights to any company privileges (shareholder perks) to which you may have otherwise been entitled as the registered owner of an investment.

- Risks associated with investments held by sub-custodians outside Ireland or the EEA:- investing in overseas securities may give rise to different settlement, legal and regulatory requirements from those in Ireland or the EEA and different practices for the separate identification of investments. This means that your protection may be less should a default occur on the part of the custodian or sub-custodian. In certain jurisdictions where different laws/regulations apply, your investments will not necessarily be separately identifiable and may be subject to third party claims made against the relevant custodian or sub-custodian.

BD and PSIL endeavour to minimise these risks in respect of the respective assets they hold on your behalf by:

- Undertaking risk assessments, as set out below, of institutions with which your assets are held.
- Having written confirmation, in line with the Regulations, from these institutions that your assets will be segregated from the relevant institution's, BD's and PSIL's own assets and will be held in separately designated Client Asset Accounts.
- Undertaking regular reconciliations of BD's and PSIL's records with those of the institutions and following up any differences in a timely manner.
- Undertaking daily calculations of the client money held for clients as per BD's and PSIL's records with the client money resource that should be held with the regulated bank.
- Ensuring instructions on your account are passed to the institutions by appropriately authorised members of staff.
- Ensuring Financial Instruments are registered and designated as outlined above.
- Ensuring adequate oversight of your assets is maintained by BD and PSIL through appropriate documented procedures and controls to minimise the risk of loss for clients.
- Where we hold Client Funds or Client Financial Instruments on your behalf, they are also protected by the relevant investor/deposit compensation scheme applicable to the jurisdiction in which the bank or financial institution holding the funds or financial instruments is regulated.

In selecting relevant institutions to hold BD's Client Assets on behalf of the Firm's clients, BD undertakes an assessment, at least bi-annually, covering:

- i. The institution's credit rating (where available) and/or the institution's financial stability and capital.
- ii. Known service levels for the institution (where we have past experience with the institution) and/or the known expertise/market reputation of the institution.

iii. Confirmation that it is regulated by the CBI (or equivalent) and complies with the Regulations (where appropriate).

iv. Confirmation that it is a member of the Investor Compensation Company in Ireland (where appropriate).

v. Whether the institution is independent of the Firm.

vi. If the institution is subject to the law of another jurisdiction, including non-EEA jurisdictions, an assessment of that jurisdiction to understand practices which will have an effect on the clients rights, particularly in the event of insolvency of the institution.

Where the relevant institution is regulated in Ireland for only certain of its activities, a similar assessment is undertaken. Particular attention is paid to establishing the relevant regulations and compensation scheme applicable.

BD's Client Assets will only be lodged with an institution where the Firm's Risk and Compliance Committee has satisfied itself on all of the above criteria.

Once an institution has been selected to hold BD's Client Assets a facilities letter confirming specified details, as set out in the Regulations, will be obtained from the institution. No Client Assets will be lodged prior to receipt of the facilities letter.

W www.brewin.ie
E info@brewin.ie