

# Client money and client asset protection

## **The safety and security of our clients' assets is of paramount importance to us.**

Canaccord Genuity Wealth (International) Limited (CGWIL) is a wholly owned subsidiary of Canaccord Genuity Group Inc, a publicly listed company on the Toronto Stock Exchange with £28bn\* of assets under management and administration in the UK and Europe. CGWIL is regulated by the Guernsey Financial Services Commission (GFSC), the Isle of Man Financial Services Authority and the Jersey Financial Services Commission and has its custody service carried out in Guernsey in accordance with the rules of the GFSC.

This document sets out a high-level overview of the arrangements which CGWIL has in place to ensure the clear separation of assets and money held on your behalf from those belonging to CGWIL as a firm. Please note that the information contained in this document is provided as guidance only and should be read in conjunction with your accounts terms of business. For further information please contact your Investment Manager.

\* As at 31 December 2019

## **Protecting client money**

The money you have placed with us is pooled with that of our other clients. We are required to ensure that money is held in client bank accounts separately from any accounts holding CGWIL's own money. For security and diversification, CGWIL maintains client bank accounts with a number of regulated banking institutions which meet the definition of 'approved bank' in the relevant rules. CGWIL has obtained written acknowledgement from those banks that money held in the client bank accounts is held on trust for our clients.

In choosing which banking institutions to use, our primary concern is the security of your money. CGWIL has a due diligence process which considers, amongst other things, the expertise, credit ratings, size and reputation of each institution with which we place client money. We perform periodic reviews of these institutions to assess their ongoing suitability and limits are in place regarding the amount that can be placed with each bank.

## **Protecting client assets**

Where you have appointed CGWIL as your custodian, your assets will be held alongside those of our other clients either by our nominee company or with a third-party custody provider.

Where assets are held by our nominee company, that company will have been incorporated as a subsidiary of CGWIL for the specific purpose of registering assets held on behalf of our clients. Client assets held by nominee companies are held separately from those of CGWIL.

CGWIL may hold client assets with third-party custody providers, typically where the assets are non-UK investments or investment funds. Where client assets are held with such custody providers, the assets will be held separately from CGWIL's assets in segregated client accounts. Each custody agreement between CGWIL and any such third-party custody provider will make clear that the assets held are those of CGWIL's clients and must be held or recorded separately from those of CGWIL or the relevant third-party custody provider. Each provider is subject to a due diligence process prior to take-on, and subject to periodic reviews of both services levels and suitability on an ongoing basis.

Further details of the arrangements and risks which may apply when depositing assets with third-parties are set out in our terms of business.

## **Client asset custody arrangements**

UK equities and gilts are held within CREST and investment funds are held at and settled through Clearstream. Brown Brothers Harriman, one of the top global custody providers, undertakes our settlement and custody for global equities and fixed income instruments.

CGWIL does not participate in stock lending activities and does not lend out client assets held in our custody.

## Governance and oversight

CGWIL has in place a governance framework which is responsible for the day-to-day oversight of the firm's processes, procedures and controls over its client assets and client money operations. Ultimate responsibility for client asset and client money operations is held by the Board of CGWIL.

In support of the Board, CGWIL has in place independent monitoring and review mechanisms of its client asset and client money operations including:

- Thematic and sample-based compliance monitoring reviews undertaken periodically
- Risk-based reviews undertaken by internal audit to assess the effectiveness of the design and operation of CGWIL's internal controls
- External audit performed annually, reviewing both financial formation and regulatory confirmations required by our regulators.

## Risk protection

As a regulated firm subject to the requirements of the capital and liquidity rules of our regulators, CGWIL is required to ensure that it has sufficient financial resources to meet its liabilities as they fall due.

CGWIL monitors its financial resources on an ongoing basis and reports the results to the Board.

The external auditors review the basis of the financial resources calculation during the performance of their annual engagement.

## Insurance cover

CGWIL has in place group insurance policies covering, amongst other things, professional indemnity, fraud, theft, wrongful acts and civil liability. These policies are intended to protect the firm and its clients against certain instances of fraud, misappropriation or theft of client assets or client money in our custody.

Please note that client money will be held on balance sheet with our chosen banking institutions and may be at risk in the unlikely event of any such banking institution going into administration or liquidation. Please also note that if you undertake transactions which require margin or collateral, your cash/assets may cease to be client money/assets upon its payment to a third-party as margin or collateral.

Canaccord Genuity Wealth Management is a trading name of Canaccord Genuity Wealth (International) Limited (CGWIL) which is licensed and regulated by the Guernsey Financial Services Commission, the Isle of Man Financial Services Authority and the Jersey Financial Services Commission and is a member of the London Stock Exchange. CGWIL is registered in Guernsey no. 22761. Registered office: Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA.