

# Client asset protection

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

Canaccord Genuity Wealth Limited (CGWL) is regulated by the Financial Conduct Authority (the 'FCA') and is required to comply with the FCA's Client Asset Rules (the 'CASS Rules'), which are designed to protect client assets in the event of firm failure. The CASS Rules require a clear separation of assets and money held by us on your behalf from those belonging to CGWL as a firm. This document sets out a high-level overview of the arrangements which CGWL has put in place to ensure that separation and to protect your assets. Please note that the information contained in this document is provided as guidance only and should be read in conjunction with your account's terms of business. For further information, please contact your Investment Manager.

## Protecting client money

The money you have placed with us is pooled with that of our other clients. The CASS Rules require us to ensure that client money is held in client bank accounts separately from any accounts holding CGWL's own money. For security and diversification, CGWL maintains client bank accounts with a number of regulated banking institutions. CGWL has obtained written acknowledgements from each of these institutions that money held in the client bank accounts is held by us on trust for our clients.

In choosing which banking institutions to use, our primary concern is the security of your money. CGWL 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.

## Protecting client assets

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

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

CGWL 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 CGWL's assets in designated client accounts. Each custody agreement between CGWL and any such third-party custody provider will make clear that the assets held are those of CGWL's clients and must be held or recorded separately from those of CGWL 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 service levels and suitability on an ongoing basis.

Further details of the arrangement and risks which may apply when depositing assets with third-parties are set out in your account's 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. CGWL outsources the administration of its custody activities to its sister company Canaccord Genuity Wealth (International) Limited.

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

## Governance and oversight

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

In support of the Board, CGWL 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 CGWL's internal controls; and
- annual assurance reviews performed by our external auditors and reported directly to the FCA.

## Risk protection

As a firm regulated by the FCA and subject to the requirements of the Prudential Sourcebook for Investment Firms (IFPRU), CGWL is required to ensure that it has sufficient financial resources to meet its liabilities as they fall due.

In the event of that there is insufficient capital available to achieve an orderly wind-up, then current insolvency legislation permits any residual costs associated with the return of client assets and client money to be recovered from those assets or money subject to court agreement.

However, protection is in place in the form of the Financial Services Compensation Scheme (the FSCS) under which compensation may be available to eligible claimants up to a maximum limit under the terms of the scheme. The eligibility criteria, and other helpful information on the FSCS is available at [www.fscs.org.uk](http://www.fscs.org.uk).

## Insurance cover

CGWL 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. In such instances, compensation may be available in accordance with the rules of the FSCS. Please also note that if you undertake transactions which require margin, your cash/assets will cease to be client money/assets upon its payment to a third party as margin.

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