



# Pershing Securities International Limited

## Client Asset Key Information Document (“CAKID”)

Effective Date: November 2020

Information Classification: Public

**This Client Asset Key Information Document relates solely to the client assets which Conexim instructs PSIL to provide safe custody and nominee services on your behalf and outlines the Client Asset Regulations as they pertain to Pershing Securities International Limited only.**

Conexim Advisors Ltd. (“**Conexim**”) has entered into an agreement with Pershing Securities International Limited (“**PSIL**”) on behalf of Conexim whereby PSIL has agreed to provide safe custody, nominee and associated services for retail clients whom Conexim introduces to PSIL.

### **The Client Asset Regulations**

The Client Asset Regulations<sup>1</sup> (the “Regulations”) provide for the effective protection of client assets. The Central Bank of Ireland (“Central Bank”) has published Guidance for Investment Firms to accompany the Regulations to assist in the interpretation of the Regulations. The Client Asset Regulations and Guidance for Investment Firms can be found on the Central Bank’s website<sup>2</sup>.

The purpose of the Regulations is to regulate and safeguard the handling of client assets by regulated investment firms to enable the swift and safe return of these assets to clients. However, it is important to note that it can never fully eliminate all risks relating to client assets e.g. negligence, fraud.

The Client Asset Regulations are aligned to what the Central Bank regards as the seven core Client Asset Principles of the client asset regime, they are as follows:

1. ***Segregation***- An investment firm should hold the client assets separate from the firm's own assets and maintain accounting separation between these assets.
2. ***Designation and Registration***- An investment firm should ensure all client assets are clearly identified in its internal records and are identifiable from a firm's own assets.
3. ***Reconciliation***- An investment firm should keep accurate books and records as are necessary to enable it, at any time and without any delay, to provide an accurate record of the client assets held for each client and the total held in the client asset account.
4. ***Daily Calculation***- An investment firm should each business day reconcile its client assets bank account to the amount of money it should be holding for its clients.
5. ***Client Disclosure and Client Consent***- An investment firm should provide information to its clients regarding how and where their client assets are held and the resulting risks thereof. A firm should also inform its clients if their assets are operating within the client asset protection regime.
6. ***Risk Management***- An investment firm should ensure it has and applies systems and controls that are appropriate to identify risks in relation to client assets and should put in place mitigations to counteract these risks.
7. ***Client Asset Examination***- An investment firm should engage its external auditor to report on the firm's safeguarding of client assets.

### **What are client assets?**

Client assets consist of client funds and client financial instruments. Client funds include electronic funds, cheques or other payable orders (e.g. drafts). Client financial instruments include shares, bonds and units trusts.

Please note that the client asset regime does not relate to the value of a client investment.

<sup>1</sup> Part 6 Client Asset Requirements, Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2017 and Schedule 3 Safeguarding Client Financial Instruments and Funds, European Union (Markets in Financial Instruments) Regulations 2017

<sup>2</sup><https://www.centralbank.ie/regulation/industry-market-sectors/client-assets/client-assets-legislation>

## **The Application of the Regulations**

The Client Asset regime only applies to client funds or client financial instruments that have been received in respect of activities which are regulated financial services.

Cheques, electronic funds and other payable orders will be client funds from the time of receipt by PSIL. Client Funds sent to you by way of cheque, electronic funds or other payable order do not cease to be client funds until the cheque or other payable order is presented and paid by the Bank.

A cheque or other payable order received from you that is not honoured by the paying bank is not deemed client assets.

Client assets cease to be client assets when they are paid, or transferred, to you whether directly or into an account with a bank or relevant party in your name or when they are paid, or transferred, to a third party on your written instruction and are no longer under our control.

In the event that you instruct Conexim that investments purchased through Conexim be held in certificated form in your own name or be registered in the name of some other person whom you specify (other than PSIL), these will cease to be client assets. Likewise if you have a Crest Personal Membership Account it will not be a client asset as the investment remains in your own name.

## **The Holding of Client Assets**

As per the agreement that Conexim has entered into with PSIL, PSIL has agreed to provide safe custody, nominee and associated services for clients whom Conexim introduces to PSIL.

As part of this service, PSIL may hold your money and investments with, or undertake a transaction for you which requires PSIL to pass your assets to, a Bank or Custodian (collectively "institution") located outside of Ireland. In such circumstances the legal and regulatory regime applying to such institution and your rights in relation to the client assets held in such manner may be different to that which would apply if such client assets were held by an institution<sup>3</sup> in Ireland. In the event of a default or failure of that institution, the client assets may be treated differently from the position which would apply if the assets were held by an institution in Ireland.

Your funds will be held by PSIL as client money in a pooled client money bank account with one or more Banks. Your funds will be segregated from PSIL's own funds and will be held in an account designated as a Client Asset Account and in the name of PSIL or its nominee.

Where your financial instruments are held in the safe custody services of PSIL, your investments will not be registered in your own name but in an omnibus account in the name of PSIL or its nominee. Documents of title to your investments shall be held in physical or electronic form by PSIL or a Custodian. Your investments will be held in a safe custody account designated as a Client Asset Account.

PSIL will exercise due skill, care and diligence in the selection, appointment and periodic review of any institution holding your funds or financial instruments. In exercising such due skill and care, PSIL will undertake an initial and ongoing due diligence of such institutions. Notwithstanding the foregoing, PSIL shall not be responsible for any acts, omissions or default of any such institution save where such a default is caused by fraud, wilful default or negligence on the part of PSIL or its nominee company. Although PSIL will seek to ensure that adequate arrangements are made to safeguard your ownership rights, especially in the event of its own insolvency, your investments may be at risk if an institution becomes insolvent.

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<sup>3</sup>Further information about the banks and custodians that we use is available upon request from Conexim

***Pooling of Client Assets***

Your client assets may be held by PSIL or an institution with other clients' assets as part of a common pool. In the case of any such pooled client account PSIL will ensure that such account is in the name of PSIL, is designated as a Client Asset Account and that PSIL is entitled to issue instructions in respect of such accounts.

In the case of pooled investments, your individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register and may be subject to third party claims made against PSIL or the relevant institution. In the event of an irreconcilable shortfall following any default of the institution responsible for pooled investments, you may not receive your full entitlement and may share in that shortfall pro-rata.

PSIL will obtain from the institutions with whom the client assets are lodged, acknowledgement that the account is a Client Asset Account containing client assets and reconcile client asset accounts as prescribed within the Regulations. PSIL will ensure that the amount of client assets which PSIL holds on your behalf is at least equal to the amount which PSIL should be holding for you.