

Investec Europe Limited

Client Assets Key Information Document ("CAKID")



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Investec Europe Limited (“IEL”) trading as Investec Europe is regulated by the Central Bank of Ireland (“CBI”). Pursuant to the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2023 (“the Regulations”) (and as amended from time to time) we are required to provide you with a standalone document, our Client Assets Key Information Document (“CAKID”), which provides you with key information in relation to how your assets will be held by IEL. This important document may be updated from time to time and is available on our website:

www.investec.com/en_ie/legal/IE/terms-and-policies.html

You are advised to read this document prior to signing your Client Agreement with IEL to ensure that you are aware of how your assets will be held, the resulting risks and the relevant protections available under the Regulations.

This document covers:

- An explanation of the key features of these Regulations;
- An explanation of what constitutes Client Assets under these Regulations;
- The circumstances in which these Regulations apply and do not apply;
- An explanation of the circumstances in which IEL will hold Client Assets itself, hold Client Assets with a third party and hold Client Assets in another jurisdiction; and
- The arrangements applying to the holding of Client Assets and the relevant risks associated with these arrangements.

What are the Client Asset Regulations?

The Client Asset Requirements form Part 6 of the Regulations and, together with the relevant client assets section of the European Union (Markets in Financial Instruments) Regulations 2017, set out the obligations of regulated investment firms such as IEL, in relation to Client Assets received and held by them arising from investment business activity. The purpose of the Client Asset regime is

to safeguard Client Assets by ensuring that firms adhere to the principles and requirements set out in the Regulations.

The objectives of the Client Asset regime are:

- To maintain public confidence in the Client Asset regime.
- To minimise the risk of loss or misuse of Client Assets by regulated entities.
- To enable the efficient and cost-effective return of Client Assets to you in the event that a regulated investment firm becomes insolvent.
- A copy of the Investment Firms Regulations and Guidance issued by the CBI, which provides assistance in understanding the Regulations and which may be updated from time to time, is available on the CBI's website, www.centralbank.ie.

The Regulations set out the seven core principles of the Client Asset regime which IEL must comply with:

1. Segregation: IEL physically hold or arrange for Client Assets to be held separately from its own assets and maintain accounting segregation between its own assets and Client Assets.
2. Designation & Registration: All Client Assets are clearly identified as such in its internal records and in the records of third parties. These Client Assets are clearly identifiable and separate from IELs own assets.
3. Reconciliation: IEL reconcile its internal records with the records of any third party that holds Client Assets on its behalf. IEL maintain books and records to enable it to provide an accurate record of the assets held by it or with third parties, on your behalf at all times.
4. Daily Calculation: Each working day, IEL ensure that the aggregate balance on its Client Asset bank accounts equals the amount that it should be holding on behalf of its clients.
5. Client Disclosure & Consent: IEL provide you with information as to how and where your Client Assets are held and the associated risks.
6. Risk Management: IEL has robust systems, controls and processes in place to ensure that it mitigates the risks associated with the safeguarding of Client Assets.
7. Client Asset Examination: IEL engage an external auditor to provide an assurance report on an annual basis in relation to its safeguarding of Client Assets.

IMPORTANT: It is important to understand that the Client Asset regime applies specifically to the safeguarding of Client Assets. It does not provide protection in relation to the value of your investments.

What constitutes Client Assets under the Regulations?

Under the Client Asset regime, Client Assets include Client Funds and Client Financial Instruments received and held by IEL on your behalf.

'Client Funds' means any money to which you are beneficially entitled, which we have received from you or on your behalf, or funds owed to you or held on your behalf, which arise from an IEL activity which is not a regulated financial service. Such funds could include cash on account, cheques or other payable orders, current and deposit accounts, and margin collateral associated with client positions. (Note: IEL no longer accepts cheques)

'Client Financial Instruments' means a financial instrument as defined in Regulation 3(1) of the MiFID Regulations or an investment instrument as defined in section 2(1) of the Investment Intermediaries Act, 1995, which is held by IEL on your behalf

When do the Regulations apply?

The Regulations apply where IEL receives Client Funds or holds Client Financial Instruments which have been entrusted to the firm and in respect of which IEL has the capacity to effect transactions including the following:

- Funds lodged on your behalf to a Client Asset account held by IEL at an eligible third party.
- Client Financial Instruments you have transferred to IEL or purchased through your account with IEL will be treated as Client Assets from the time of receipt.
- Dividends, Fixed Income coupons and investment income are treated as Client Funds when IEL receive the funds on your behalf.

When do the Regulations not apply?

The Regulations do not apply where funds are received by IEL in respect of activities which are not regulated financial services (i.e., an investment that is not a 'Client Financial Instrument' as defined above, or for example, FX Spot Transactions). Where IEL hold such an instrument on your

behalf, it will not be held in accordance with the Regulations. However, we will segregate such assets from the assets of IEL.

When do Client Assets cease to be Client Assets?

IEL will disclose to clients in its valuations and statement of assets whether individual assets are within the scope of the Client Asset Regime or not.

Some of the circumstances in which Client Assets will cease to be Client Assets and therefore no longer subject to the client asset regime are as follows:

- Where Client Assets are paid, or transferred to you, whether directly or into an account with a credit institution or relevant party in your name i.e., not an account in the name of IEL.
- Where Client Assets are paid or transferred to a third party on your written instruction and are no longer under the control of IEL.
- Where funds are due and payable to IEL by you in the ordinary course of business including fees and commissions as agreed with you.

Where will IEL hold Client Assets?

The list of third parties with whom IEL may place Client Assets is set out in the Appendix. It is also available on our website – www.investec.ie/clientassets.

- **Client Funds**
IEL may hold Client Funds in accounts with an eligible credit institution or a qualifying money market fund. These accounts are designated as Client Asset accounts.
- **Client Financial Instruments**
Client Financial Instruments may be registered in the name of IEL and held electronically on the record of holdings on a Central Securities Depository ("CSD") or International Central Securities Depository ("ICSD").

What is a CSD/ICSD?

A CSD/ICSD is an entity which provides a central point for the settlement, issuance and safe keeping of financial instruments ("securities"), for example, bonds and shares.

CSDs / ICSD's operate at the centre of the securities chain, i.e., all holdings in a given financial instrument, whether by

an individual or a financial institution, are ultimately kept in a securities account at a CSD or ICSD. ICSD's / CSDs are financial market infrastructures performing key functions for the whole market. Financial Institutions hold securities on behalf of their clients directly with a CSD or ICSD of which they are a member.

ICSD's / CSDs operate in a highly regulated environment. They are subject to national laws on securities issuance, settlement and safekeeping, while being supervised by the relevant authorities, typically the securities or banking regulator, and subject to the oversight of the relevant central bank(s).

IEL hold Client Financial Instruments through:-

- **CREST**
Client Financial Instruments are held within the CREST system through Investec Bank PLC's nominee company, Diagonal Nominees Limited, which is a direct member of CREST. CREST is a UK-based CSD that holds UK equities, UK gilts and other international securities. CREST is owned and operated by Euroclear UK & Ireland Limited.
- **Euroclear Bank SA/NV**
Euroclear Bank SA/NV is an ICSD through which IEL primarily hold Structured Note securities.
- **BNP Paribas**
Where IEL is not a member of a CSD it uses BNP Paribas to provide access to the relevant CSDs. BNP Paribas is a Global Custodian which IEL use for the settlement and safekeeping of non-UK and non-Irish securities.

In what circumstances does IEL hold Client Assets itself and what are the arrangements in place?

IEL will not hold Client Assets itself.

In what circumstances does IEL hold Client Assets with a third party and what are the arrangements in place?

Client Funds

Client Funds are held with credit institutions in individually designated Client Asset Deposit accounts or Omnibus Client Asset accounts (i.e., they contain the assets of more than one client), all of which are designated "IEL Client Asset Account". IEL maintain books and records which clearly

identify the Client Assets it holds for you within the Omnibus accounts.

Prior to lodging Client Funds with an eligible credit institution, IEL receives a written confirmation from the credit institution that these Client Asset accounts are legally segregated from any bank account IEL itself may hold with that institution.

Client Financial Instruments

IEL hold other Client Financial Instruments through:

IBPLC

IEL hold its clients' Irish and UK financial instruments through IBPLC nominee company, Diagonal Nominees Limited, in CREST. This nominee company is a member of CREST and operates individually designated accounts for all clients who hold CREST eligible securities through IEL. Client accounts are segregated from each other as well as from those of the firm within CREST and within IEL's books and records.

IEL will also hold its clients' Structured Notes through **Investec Wealth & Investment Limited UK** nominee company, **Ferlim Nominees Limited**. This nominee company is a member of CREST and would operate a pooled account for clients who hold Structured Notes through IEL. The Pooled Client account is segregated from those of the firm within CREST and within IEL's books and records.

Euroclear Bank SA/NV

IEL will also hold its clients' Structured Notes through Euroclear Bank SA/NV. The account at Euroclear Bank NA/SV holding Client Assets is an Omnibus account. The account is designated "IEL Client Asset Account". IEL maintains books and records which clearly identify the Client Assets it holds for you within the Omnibus accounts.

BNP Paribas

- Other instruments

IEL have appointed BNP Paribas as its global custodian to hold Client Assets on behalf of IEL. Client Assets are held in accounts designated "IEL Client Asset Account". These accounts are omnibus Client Asset accounts.

In what circumstances will IEL hold Client Assets in another jurisdiction?

Client Financial Instruments are held with a CSD/ICSD in the jurisdiction where it is customary for such instruments to be held. IEL is a member of two CSDs, CREST and Euroclear SA/NV.

Client Assets will be held in another jurisdiction as follows:

- CREST (UK Equities), through IBPLC
- Assets held by our Global Custodian, BNP Paribas
- Assets held in Euroclear SA/NV

In the case of Client Funds, a number of the credit institutions with whom we place deposits are EU financial institutions whose home country jurisdiction is outside of the State. IEL may also place client funds with IBPLC.

These third parties have been chosen primarily on the basis of their financial strength, breadth of custody services, range of market access, and that they meet the criteria set out in IEL's internal risk assessment.

IEL appoints third parties which may be located in different jurisdictions, a list of which is available in the Appendix. Clients Assets will only be deposited with a third party in a jurisdiction which specifically regulates and supervises the safekeeping of assets unless the nature of the instrument requires it to be held in there and you have instructed us to do so. Some aspects of the Regulation may differ from our own jurisdiction; this includes EEA states and non-EEA states.

What are the risks associated with the holding of Client Assets and what controls are in place to mitigate these risks?

While the purpose of the Client Asset regime is to regulate and safeguard the handling of Client Assets, it is not possible to fully eliminate all risks relating to Client Assets. The material risks relating to the safeguarding of Client Assets include the following.

Default or insolvency of third parties

1. If a third party which holds your assets becomes insolvent or defaults, you may not receive back all or any of your assets.
 - In the case of financial instruments held by a third party (and in the absence of fraud) you should receive back your assets, as Client Assets must be segregated from the third party's own assets. However, the timing of the return of your assets would be uncertain.
 - In the case of a credit institution, you may be eligible to avail of a deposit guarantee scheme. The amount of funds that you would

receive back, and the timing of their return would depend on the terms of the particular deposit guarantee scheme, the extent of the institution's insolvency and any bail-in measures implemented by the Authorities under the Bank Recovery and Resolution Directive (the "BRRD"). The BRRD (an EU directive which has been implemented into Irish Law) provides a framework for resolving failing banks and large investment firms.

2. In the event of the default of a third party which holds Client Assets you will not be able to avail of the Investor Compensation Scheme applicable to member firms in Ireland. However, the compensation scheme relevant to that jurisdiction may apply.

In order to ensure that due skill, care and diligence is applied to the selection of third parties which hold Client Assets, IEL has an internal assessment process in place which is undertaken for third parties prior to their appointment. We also undertake a semi-annual review and monitor their performance on an ongoing basis.

Where Client Assets are held outside the State or the EEA, these assets will be subject to the law of a jurisdiction other than Ireland. The legal regime applying to the third party may be different to that of the State or EEA and your rights relating to those assets may differ accordingly in the event of a default of the third party.

Should you request in writing to have your Client Assets held with a third party that does not meet our internal risk assessment, or with a third party in a country that does not regulate the holding and safe keeping of investments, you may be exposed to a higher risk in relation to the return of your assets.

Insolvency of IEL

IEL hold Client Assets in accounts which are legally separated from IEL's own assets. In the event of IEL becoming insolvent, your assets are not available to creditors making a claim against IEL.

IEL is a member of the Investor Compensation Scheme ("Scheme"). You may be entitled to compensation from the Scheme in the event of IEL becoming insolvent. This depends on the type of business and the circumstances of your claim. Eligible investors are covered for 90% of the money they have lost, up to a maximum of €20,000.

Further information about the Scheme is available in Section 15 of our Terms & Conditions or at www.investorcompensation.ie. Investment in an activity that is not a regulated financial service is not covered by the Scheme.

In accordance with the Regulations IEL must ensure that all Client Assets are held in Client Asset Accounts at the close of business every day. In the event of IEL becoming insolvent during the course of the business day, there may be instances whereby some Client Assets in transit are not protected until such time as the daily client money process has been completed.

Fraud & Operational Risk

Should a fraud or operational failure occur within a regulated investment firm or a third party, the Client Assets held on your behalf may be misappropriated, diminished or unavailable to you for a period of time. In the normal course of business, we would expect the entity suffering the fraud or operational failure to compensate you and reinstate your assets.

IEL has robust policies, controls, and procedures in place to mitigate against the possibility of fraud and the risks arising from operational failure. The third parties, as regulated entities, are also required to have such policies, controls, and procedures in place. Third parties holding Client Financial Instruments undergo an external annual review of their control environment by an independent auditor and a report thereon is made available to IEL and forms part of its internal due diligence and annual review process.

Risks associated with Omnibus Accounts

Where assets are held in an omnibus account, there is a risk that the designation of omnibus accounts as Client Assets may be challenged by a liquidator, thereby preventing or delaying our ability to control your assets. In the unlikely event that the omnibus account may have a deficit, any losses would be applied on a pro-rata basis across all clients participating in the account. IEL maintain appropriate

books and records and undertake reconciliations (as set out by the Regulations), to make sure that it can easily identify the Client Assets it holds for you within omnibus accounts

IEL Governance Structure and Control Environment

IEL has put in place a Governance structure to provide control and oversight of its Client Assets. The Board of IEL is responsible for the management and governance of the business. It places the highest priority on its responsibilities in relation to Client Assets.

It has established a committee of the Board, the Investec Europe Limited Audit Committee (the "Committee"), whose remit includes the safeguarding of Client Assets. It receives reports from External Audit and from the various control functions within IEL including Compliance, Risk, Finance, and Internal Audit, which provide assurance to the Committee and the Board that the control environment within IEL is operating effectively. The control functions monitor the activities of IEL and its appointed third parties.

An important requirement of the Regulations is the Investment Firm's Client Asset Management Plan which covers all aspects of how Client Assets are treated and protected. As required under the Regulations, IEL has appointed a Head of Client Asset Oversight who is responsible for ensuring the safeguarding of Client Assets.

IEL gives the safety of your Client Assets its highest priority and has dedicated resources in place at an operational and governance level to ensure that it complies with the seven core principles of the Regulations.

Appendix

Third Parties with whom IEL may place Client Assets are set out below:

Client Funds

Name	Registered Office	Website	Types of Accounts held	Related Party
HSBC UK	5 Canada Square Poplar, London United Kingdom	www.hsbc.co.uk	Omnibus Account	No
Bank of Ireland	27-33 Upper Baggot Street Dublin 4 D04 VX58	www.bankofireland.com	Omnibus Account	No

Client Financial Instruments

Name	Registered Office	Website	Types of Accounts held	Related Party
Investec Wealth & Investment Limited – UK – Ferlim Nominees	30 Gresham Street London EC2V 7PG	www.investec.co.uk	Omnibus	Yes*
Investec Bank PLC – Diagonal Nominees	30 Gresham Street London EC2V 7PG	www.investec.co.uk	Omnibus	Yes*
Euroclear UK & Ireland Limited	33 Cannon Street London EC4M 5SB	www.euroclear.com	Individually Designated	No
Euroclear Bank SA/NV	1 Boulevard du Roi Albert II 1210 Brussels Belgium	www.euroclear.com	Omnibus	No
BNP Paribas SA	Boulevard des Italiens Paris, France	www.bnpparibas.com	Omnibus	No

* Investec Bank plc is a related party of IEL and is a member of the Investec Group. As of 21 September 2023, Investec Wealth & Investment (UK) became part of Rathbones Group plc. Investec Group owns 41.25% of the economic interest in the combined Rathbones Group Plc.

Clients should be aware that this list of third parties with whom we may place Client Assets is subject to change over time. The current list of these third parties is available on our website www.investec.ie.