

An explanation of the Regulations including what constitutes client assets under the Client Asset Regulations

The Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2017 (SI 604 of 2017) (the 'Regulations') came into effect on 3 January 2018. Part 6 of the Regulations set out the regulatory requirements for investment firms in dealing with assets considered to be client assets as defined in the Regulations. Client assets include both client funds and client financial instruments. A definition of both is provided below. When a client entrusts money (funds) or financial instruments to an investment firm the Regulations are designed to protect the client's ownership of these assets.

Client Funds means:

"any money, to which the client is beneficially entitled, received from or on behalf of a client or held by the investment firm on behalf of a client and includes (without limitation) -

- (a) client funds held by or with a nominee, and*
- (b) in the case of money that is comprised partly of client funds and partly of other money, that part of the money that is client funds, but does not include money that an investment firm -*
 - (i) receives from or on behalf of the client, or*
 - (ii) owes to or retains on behalf of the client*

and which relates exclusively to an activity of the investment firm which is not a regulated financial service"

Client Financial Instruments means:

"financial instruments as defined in Regulation 3(1) of the MiFID Regulations (European Communities (Markets in Financial Instruments) Directive 2017 (S.I. No. 375 of 2017)) or investment instruments as defined in section 2(1) of the Investment Intermediaries Act 1995, which is held by an investment firm on behalf of a client and includes, without limitation, any -

- (a) client financial instrument that is held with a nominee, and*
- (b) claim relating to, or a right in or in respect of a financial instrument"*

There is no minimum investment amount required for the Regulations to apply.

A copy of the Regulations (<https://www.centralbank.ie/regulation/industry-market-sectors/client-assets/client-assets-legislation>) and the Central Bank's guidance <https://www.centralbank.ie/regulation/industry-market-sectors/client-assets/regulatory-requirements-and-guidance> which provides further information on the Regulations are available on the Central Bank's website.

How client assets are protected

Segregation

This means that at all times client assets will not be classified as belonging to Computershare Investor Services (Ireland) Limited ('CISIL') and will be held in a designated client asset account. Ownership of these assets can therefore be clearly identified and, in the event of CISIL's insolvency, can be returned to the client. Client assets held by CISIL will only be held and used for the purpose directed by the individual client. Monies which do not relate to a regulated service will not be lodged to a client asset account.



Designation and Registration

Before client assets are lodged with a third party (a holding bank or a custodian), be they Client Funds or Client Financial Instruments, a 'Facilities Letter' which sets out the agreement between CISIL and the third party holding client assets shall be in place. Such Facilities Letters will be obtained in advance of opening a client asset account with the third party. CISIL is required to verify that each client asset account opened is correctly designated in the records of the third party within one working day of the initial lodgement. In addition, the third party is required to confirm, in writing, that the account is set up in accordance with the Facilities Letter and the Regulations. CISIL carries out due diligence reviews on third parties at annual intervals.

Reconciliation

The Regulations specify that reconciliation must be performed on a daily basis for Client Funds, other than fixed term deposit accounts (which must be performed at least monthly). The holdings of Client Financial Instruments held by CISIL will be reconciled at least monthly in accordance with the Regulations. CISIL must ensure that this process is subject to thorough review and oversight and is required to report any material differences to the Central Bank.

Daily Calculation

CISIL will calculate on a daily basis whether the money held with a third party equals the client money requirements, as reflected in CISIL's records. Where a surplus exists, the firm will remove the surplus from the client asset account and conversely where a deficit exists, the firm will make good the shortfall. Where a material deficit occurs the firm has an obligation to report this to the Central Bank. The key requirement is that the client money requirement is always equal to the amount in the client asset account.

Client Disclosure and Consent

The Regulations set out provisions to be included in the 'Terms of Business', provided to each client at the outset of the business relationship. Separately, the Regulations also provide that clients are issued with a Client Assets Key Information Document prior to signing an investment agreement to open an account. Clients shall be updated in respect of a material change to this document within one month of any such change.

The circumstances in which the Regulations do and do not apply and when assets cease to be client assets for the purposes of the Regulations

The Regulations apply to certain services provided by CISIL that are regulated by the Central Bank. CISIL also offers a number of unregulated services, including but not limited to Share Registration Services, Dividend Payment Services and Corporate Action Services.

Client assets cease to be client assets where: they are paid, or transferred, to the client whether directly or into an account with an eligible credit institution or relevant party in the name of the client (not being an account which is also in the name of the investment firm); or where they are paid, or transferred, to a third party on the written instruction (not required in the case of electronic system settlement) of the client and are no longer under the control of the investment firm.

The circumstances in which CISIL holds client assets itself; holds client assets with a third party; and holds client assets in another jurisdiction

CISIL does not hold client assets itself. Should CISIL receive monies, some of which may be classified as unregulated, the firm will pay the monies into a client asset account and transfer out of or withdraw such monies which are not client monies without delay, and in any event not later than one working day after the receipt of such monies.

Computershare Investor Services (Ireland) Limited are authorised in Ireland and regulated by the Central Bank Of Ireland.

This Client Asset Key Information Document is accurate as at 22 January 2020.



CISIL may hold client assets in a bank account outside of Ireland. By accepting the Terms of Business, the client acknowledges and consents to CISIL holding Client Funds outside of Ireland.

In the normal course of business, CISIL does not hold Client Financial Instruments with a third party either in Ireland or outside the jurisdiction.

The arrangements applying to the holding of client assets and the relevant risks associated with these arrangements

Where Client Funds or Client Financial Instruments are deposited in a bank outside Ireland or the EEA (European Economic Area) these client assets will be subject to the law of a jurisdiction other than Ireland or the EEA as the case may be. The legal and regulatory regime may differ in another jurisdiction and your rights relating to those client assets may differ accordingly in the event of a default of such an institution. CISIL shall always place your assets with institutions that meet specific requirements.

CISIL may hold client assets on your behalf in a pooled account. A pooled account is one containing the assets of more than one client. There is a risk, in the event of insolvency of the credit institution, relevant party or eligible custodian, that the designation of the pooled accounts as client assets may not be recognised by a liquidator or the acknowledgement of such designation will be delayed, thereby preventing or delaying CISIL's ability to control your assets.

CISIL is a member of the Investor Compensation Scheme which provides compensation to eligible investors should the firm become insolvent and is unable to return your Client Funds or Client Financial Instruments. If your loss is recognised by the Investor Compensation Scheme you may receive up to 90% of the net amount you have lost or €20,000, whichever is less. Full details of the Investor Compensation Scheme are available at www.investorcompensation.ie

CISIL has appointed a Head of Client Asset Oversight to oversee the proper implementation and operation of the Regulations and to ensure that any risks associated with the holding of client assets are mitigated in so far as possible.

While the purpose of the Regulations is to regulate and safeguard the holding of Client Assets, it can never fully eliminate all risks relating to client assets. CISIL will continually review and document, on at least an annual basis, its assessment of risks arising from its business model.

The Board of CISIL and the Central Bank will receive a copy of the annual 'Client Asset Examination', conducted by external auditors. This document reports on the quality of the systems and controls employed by the firm to ensure compliance with the Regulations.

CISIL offers an Execution-Only Share Dealing Service and does not offer Investment Advice. The value of shares may fall as well as rise and it is important to note that the protection offered under the Regulations does not extend to the value of a client's investment.