

Client Asset Key Information Document ("CAKID")

WHAT IS THE CLIENT ASSET REGIME ("CAR")?

The manner in which Moneycorp Technologies Limited ("MTL") handles your assets is governed by the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2023 (S.I. No. 10 2023) ("Investment Firms Regulations") and the Central Bank of Ireland (the "CBI") guidance on Client Asset Regulations for Investment Firms (together referred to as the Client Asset Regime or CAR below).

These Regulations came into operation on 1 July 2023 replacing the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2017

The purpose of CAR is to set regulatory standards for regulated financial services providers like MTL to ensure that client assets held by us on your behalf are adequately safeguarded and protected and to enable a swift distribution of those client assets if MTL were to fail. However, while the purpose of CAR is to regulate and safeguard the handling of client assets, it is never possible to fully eliminate all risks and we identify some of the key risks below.

The Regulations and the associated CBI guidance are available on the CBI's website:
www.centralbank.ie/regulation/industry-market-sectors/client-assets

We have prepared this document known as a Client Asset Key Information Document ("CAKID") for retail clients to review and consider before placing any money in the form of client funds with us. This CAKID has been prepared in accordance with the Regulations in order to;

- i) Explain certain key features of the Client Asset Regime;
- ii) Provide you with information on our arrangements to ensure that your assets are protected, and;
- iii) Highlight any risks relating to your client assets.

The CAKID document is reviewed by the MTL Head of Client Asset Oversight (HCAO), at least on an annual basis or more frequently as required due to a change in Client Asset processes or regulations. Any material changes to the CAKID are approved by the MTL Risk and Compliance Committee and MTL Board.

This version of the CAKID was reviewed by the HCAO in November 2023.

KEY FEATURES OF "CAR"

CAR obliges firms that hold client assets to put in place certain safeguards to help ensure that clients' assets are protected. The Regulations require us to;

- ☐ Hold client assets separate to the firms' own assets which we do through depositing client funds in designated client asset accounts with a credit institution that acknowledges the client funds belong to our clients and not the firm ;
- ☐ Maintain accurate records of each client's entitlement to client funds and conduct reconciliations of our internal records against those of the credit institution and conduct daily calculations to ensure what we are holding the correct level of client funds;
- ☐ Inform you through our terms of business and this CAKID of our arrangements and where relevant obtain consent to the manner in which your assets are held;

- Have appropriate risk management processes and systems, including documented policies and procedures to ensure that we are taking an effective approach to safeguarding your assets.

WHAT ARE CLIENT ASSETS?

Client assets include both;

i) Client Funds: Any money, to which you are beneficially entitled, which we have received from you or on your behalf. It includes bank transfers paid to us. We do not accept or process any cheques or payable orders such as bank drafts.

ii) Client Financial Instruments: Any financial instrument (for example, shares, bonds and units held in collective investment schemes) held on your behalf including any held with a nominee.

Please note that MTL does not hold or accept financial instruments.

THE CIRCUMSTANCES IN WHICH CAR APPLIES AND DOES NOT APPLY

Applies:

- For funds belonging to you that have been received by us in respect of activities which are regulated financial services. This would apply, for example, to initial and variation margin you place with us in accordance with the terms of business to open and maintain a position in FX derivatives (such as forwards and options) which are in scope of the MiFID Regulations ("MiFID transaction");
- Once a bank transfer is received by the firm except where it is payable to a third party and transmitted by MTL to that party;
- To the proceeds of a deal in a MiFID transaction owing to you following the settlement of that transaction until such time as we complete the payment of those proceeds to you or your agreed beneficiary.

Does not apply:

- When your funds have been received by us in respect of activities which are not regulated financial services under the Regulations. This is the case, for example, when the transaction you are conducting with us is not a MiFID transaction (e.g. a spot FX transaction or an FX forward used as a means of payment which is out of scope of the MiFID Regulations);
- Where funds are transferred to us or are appropriated by us in accordance with the agreed terms of business to discharge your liability to us (for example where you default on your obligation to settle a transaction with us we will appropriate margin we hold as client funds to the extent required to discharge your liability without prejudice to our other rights under the terms of business);
- Where we have completed a payment of the client funds to you or a third party beneficiary nominated by you.

WHO HOLDS MY CLIENT FUNDS UNDER CAR, AND HOW?

Your client funds will be held in a pooled client asset bank account. Under a pooled arrangement, client funds of more than one client are held in the same client asset bank account. The client asset bank account will be opened and maintained only with eligible third -party credit institutions. The names of the credit institutions with whom we deposit client funds are set out below:

-  **Barclays Bank plc (Ireland) – Frankfurt and Madrid Branches**
-  **Deutsche Bank AG (Frankfurt)**
-  **JP Morgan AG (Frankfurt)**

Client funds are protected by rules laid out in the Regulations which include obligations relating to the segregation of client funds from the firm’s funds, accurate record keeping, regular reconciliations between the firm’s records and those of the eligible credit institutions, credit institution due diligence, etc.

Transactions in respect of the client asset account will only be undertaken based on an instruction from us and pursuant to our Terms of Business with you.

Prior to lodging client funds with an eligible credit institution, we receive a written confirmation from the credit institution that the funds in the client asset bank accounts are legally segregated from any bank account that MTL itself may hold and are not subject to any set-off or similar rights for liabilities of MTL to the bank. Please note that MTL will retain any interest which arises on client funds held in client asset accounts. Money not immediately required to settle an investment transaction may attract credit interest. Negative cash balances on your account may attract debit interest.

Client funds are lodged to a client asset bank account in the same currency as they are received, unless we do not have a client asset bank account in that currency and it would be unduly burdensome to open one. Amounts are converted at the rates prevailing when lodged to the client asset bank account.

In selecting relevant credit institutions to hold client assets on behalf of its clients, the MTL HCAO undertakes an assessment, at least annually, covering;

- i) The institution's credit standing having reference to external credit ratings (where available); ii) Known service levels for the institution (where we have past experience with the institution); iii) What clients' rights would be in the event of insolvency of the institution.

Where the credit institution is not in Ireland, a similar assessment is undertaken. Particular attention is paid to establishing the relevant regulations and compensation scheme.

Once a credit institution has been selected to hold client assets a funds facilities letter confirming specified details, as set out in the Regulations, will be obtained from the institution. No client funds will be lodged prior to receipt of the funds facilities letter.

WHAT ARE THE MAIN RISKS OR LIMITATIONS TO SAFEGUARDING CLIENT ASSETS?

Investors should note that while CAR imposes obligations on firms to segregate client funds from a firm's own funds, as well as other requirements, it does not protect or guarantee the value of the client funds. The material risks relating to safeguarding client funds are outlined below. Various other risks may also apply.

DEFAULT RISK

This is the risk that the credit institution at which client funds are held becomes insolvent or otherwise fails and defaults on its obligations to MTL to repay all client funds held with the credit institution.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. For every firm, there is a risk that its people, processes and systems are imperfect, and that losses will arise from errors and ineffective operations.

RISK OF FRAUD






The risk of fraud relates to an intentional deception made for personal gain or to damage another individual which may be perpetrated internally or externally to a firm.

RISK OF POOLING

There is a risk that one client's assets will be temporarily used to fund another client's transactions; that the Firm will not appropriately implement accounting segregation or that the pool may have a deficit and any losses would be applied on a pro-rata basis across all clients participating in the pool or on some other basis in accordance with applicable law such that an individual client does not receive their full entitlement.

CONTROLS IN PLACE TO MITIGATE RISK

MTL will endeavour to minimise the above risks by;

-  Undertaking due diligence and risk assessments of institutions with whom client funds are held;
-  Ensuring adequate oversight of client funds is maintained through appropriate documented procedures and controls to minimise the risk of loss for clients;
-  Undertaking daily reconciliations of our records and the records of client funds with the credit institution and daily calculations of the client money held for clients as per our records with the client money resource that should be held with the credit institution;
-  Ensuring that we have adequate controls on who can authorise payments from the client asset accounts;
-  Undertaking an annual independent audit of its client asset accounts and arrangements.