

CLIENT ASSET KEY INFORMATION DOCUMENT “CAKID”

The new Client Asset Regulations (Statutory Instrument 104 of 2015) (the “Regulations”) were issued pursuant to Section 48 of the Central Bank (Supervision and Enforcement) Act 2013. The new Regulations are effective from 1st October 2015. BCP Asset Management DAC (“BCPAM”), as an investment firm regulated by the Central Bank of Ireland, must ensure that we hold client assets in accordance with the Regulations. Please consult the Central Bank of Ireland website for further information, including the Central Bank’s Guidance document, on the new Client Asset Regulations <http://www.centralbank.ie/regulation/clientassetsandinvestormoney>

The key purpose of the Client Asset Regulations (“CAR”) is to protect the safeguarding and handling of Client Assets i.e. the funds that you place with an eligible credit institution via BCPAM. The client assets regime however cannot fully eliminate all risks relating to client assets (such as fraud and negligence). The Client Assets regime does not have an influence on the value of the client assets. Client assets mean clients funds and financial instruments. Financial instruments are defined as tradable assets of any kind, for example cash, evidence of an ownership interest in an entity, or a contractual right to receive or deliver cash or another financial instrument.

The purpose of this document is to explain to you in clear, succinct and comprehensible language the key features of the Regulations and how they impact on you.

Examples of circumstances in which assets are client assets

Cheques and other payable orders become client funds from the time we receive them. This does not include instances whereby the payment is made payable to a third party e.g. a product producer. Funds sent to a client by way of cheque or other payable order do not cease to be client funds until the cheque or other payable order is presented and paid by the eligible credit institution.

Examples of circumstances in which assets are not client assets

Where a client transfers full ownership to an investment firm for the purpose of securing or otherwise covering present or future actual or contingent or prospective obligations such client assets should no longer be regarded as belonging to the client.

The Regulations are set out under seven core Client Asset Principles, as follows;

1. SEGREGATION

BCPAM must hold client assets separate from the firm’s own assets and maintain accounting segregation between the firm’s own assets and those assets that belong to clients.

2. DESIGNATION & REGISTRATION

BCPAM must ensure that all of its internal records and those of third parties (e.g. Eligible Credit Institutions) clearly illustrate that all client assets are clearly identifiable and separate from the firm’s own assets.

3. RECONCILIATION

BCPAM must keep accurate records and books to enable it at any time, and without undue delay, to provide an accurate record of the client assets being held. This covers each individual client and also the total funds held in client asset accounts.

BCPAM must reconcile their internal records with those of the third party who physically hold the client assets e.g. an Eligible Credit Institution. This is done by way of reconciling internal accounting records against a third party statement such as an eligible credit institution statement.

4. DAILY CALCULATION

Each business day BCPAM must undertake a calculation to ensure that the sum total of all of its internal client asset accounts equate to what the third parties show on their statements. A business day is generally defined as a day eligible credit institutions in Ireland are open for business. BCPAM may, with the consent of the Central Bank, defer a Daily Calculation, for example over the Christmas period.

5. CLIENT DISCLOSURE AND CLIENT CONSENT

BCPAM must provide information to all its clients informing them how and where their client assets are held and also inform them of the resulting risks thereof.

6. RISK MANAGEMENT

BCPAM have put in place systems and controls to identify potential risks to client assets and relating mitigants to counteract those risks. These include a Head of Client Asset Oversight, a Compliance Officer and a Compliance and Risk Committee.

7. CLIENT ASSET EXAMINATION

BCPAM engage the services of an external audit firm to carry out a review, at least on an annual basis, and issue a report stating how the firm is adhering to the Regulations and the safeguarding of client assets.

Capital security of your funds is provided by the relevant credit institution (a 'credit institution' include an eligible credit institution holding client assets). In the event of the credit institution failing to meet its liabilities you could lose some or all of your money.

INVESTMENT RISK

All investments carry some degree of risk to your capital and the value of investments may go down as well as up. BCP brochures provide details of the principal risks to your capital and should be read in advance of making any investment. We recommend you obtain financial advice prior to investing.

HOW DOES BCP HOLD CLIENT FUNDS?

BCPAM will hold client funds which are pooled with other clients' fund. Clients have a claim against the client assets pool in a specific account. Client assets are held with the relevant eligible credit institution in an account within the State or the EEA. If client funds are to be (i) passed to a third party outside the State or the EEA; or/and (ii) where any lien, security interest and/or right of set-off is granted over the client's assets then BCPAM must notify you in writing.

CLIENT ASSETS HELD OVERSEAS

Where client assets are to be held by a third party outside of Ireland, the firm will advise you of the name of the regulatory authority to which they are responsible, the regulations that the third party is subject to, any applicable risks or limitations, the basis on which that third party was selected, and whether it is related to the firm or independent of it. The firm must also confirm what investor compensation scheme applies, the arrangements that apply to the holding of client assets, the risks associated with those arrangements, and controls in place to mitigate such risks.

CONTACT

If you any queries or require clarification on the contents of this document please contact the Head of Client Asset Oversight, BCP Asset Management DAC, 71 Upper Leeson Street, Dublin 4. Telephone 01 668 4688.

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