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# Client Assets Key Information Document

The Central Bank of Ireland (the “CBI”) has created a client asset regime to safeguard client assets by ensuring firms adhere to general principles and prescriptive requirements in this regard. The objectives of the CBI’s client asset regime are: (1) maintaining public confidence in the client assets regime; (2) minimising the risk of loss or misuse of client assets by authorised entities; and (3) in the event of the insolvency of an entity, enabling the efficient and cost effective return of those assets to clients.

The details of these requirements relating to client assets and guidance explaining the purpose an operation of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Client Asset Regulations 2015 (the “Client Asset Regulations”) are set out on the Central Bank of Ireland’s website at: <https://www.centralbank.ie/regulation/industry-market-sectors/client-assets>

It is important to note that, while the purpose of the client asset regime is to regulate and safeguard the handling of client assets, it can never fully eliminate all risks relating to client assets such as fraud or negligence.

## Client Assets under the Client Asset Regulations

For the purposes of the Client Asset Regulations, a ‘client asset’ is:

- a. *client funds* – any money, to which a client is beneficially entitled, received from or on behalf of a client or held by an investment firm on behalf of a client and includes (without limitation) (i) client funds held by or with a nominee; and (ii) in the case of money that is comprised partly of client funds and partly of funds of any other type, that part of the money that is client funds; and
- b. *client financial instruments* – any financial instrument listed below which is held by an investment firm on behalf of a client (including any client financial instrument that is held by or with a nominee and any claim relating to, or a right in or in respect of a financial instrument): transferable securities; money market instruments; units or shares in undertakings for collective investments in transferable securities; units in a unit trust; shares in an investment company; capital contributions to an investment limited partnership; units in a common contractual fund; options, futures, swaps, forward rate agreements and any other derivative contracts; transferable securities including shares, warrants, debentures including debenture stock, loan stock, bonds, certificates of deposits and other instruments creating or acknowledging indebtedness issued by or on behalf of any body corporate or mutual body, government and public securities, including loan stock, bonds and other instruments creating or acknowledging indebtedness issued by or on behalf of a government, local authority or public authority, bonds or other instruments creating or acknowledging indebtedness, certificates representing securities or money market instruments.

The value of a particular asset is not relevant to its classification as a client asset.

### **Circumstances where the Client Asset Regulations apply and do not apply**

The Client Asset Regulations will not apply:

- a. in respect of funds received from, or owing to, a client which relate exclusively to an activity which is not a regulated financial service;
- b. in respect of securities registered directly in the name of the client and the firm is not holding the certificate in safe custody; and/or
- c. in respect of cheques or payable orders made out by the client in the name of another financial institution.

Assets cease to be client assets where:

- a. funds have been paid out to you by way of a bank transfer from a client asset account at Appian Asset Management Limited (“Appian”);
- b. we transfer a security to a third party on the instructions of a client; and/or
- c. we execute a transfer deed in a security under our control.

### **Circumstances in which Appian hold client assets or holds client assets with third parties**

By way of example, where a client transfers funds directly to Appian directly for investment into the Appian Unit Trust, these funds will be treated as client assets.

Appian will hold client assets directly where:

- a. you have requested your investment to be registered such that Appian have authority to instruct the administrator directly in relation to your shares/ units and will appear as ‘AAM Client Account CAA’ on any contract notes; and/or
- b. you have requested Appian to have certificated securities registered under our control such that Appian has sole signing authority.

Appian will hold the following client assets with a third party:

- a. financial instruments in respect of regulated services that you have specifically transferred to our control and which are held with the appointed custodian, the Dublin Branch of BNP Paribas SA;
- b. cash held in a pooled client asset account. These may be funds transferred in the course of investment in to the Appian Unit Trust, the Appian Investment ICAV, or where you have requested us to retain funds for some other investment purpose and may be held with the Dublin Branch of BNP Paribas SA, our nominated custodian, or in certain circumstances with our bank, Allied Irish Banks p.l.c. (an Irish licenced Bank); and
- c. cash held in a segregated account. In the event that you have a segregated account your cash and securities will be held at our custodian the Dublin Branch of BNP Paribas SA.

Appian will never hold client assets in another jurisdiction.

### **Basis upon which the third party to hold assets was chosen**

Appian has selected the Dublin Branch of BNP Paribas SA to act as custodian and Allied Irish Banks p.l.c., as our bank on the basis of independent credit ratings, market standing and technical ability.

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

### a. Arrangements in regard to the holding of client assets

Client assets are legally segregated from Appian and the custodian and where possible are in individually designated accounts. In addition Appian has a robust control environment that requires dual signatories on all movements and verification of all instructions back to clients.

### b. Possible risks involved

The use of the Dublin Branch of BNP Paribas SA, a regulated custodian and Allied Irish Banks p.l.c., a highly ranked credit institution reduces the risk to client assets to an insolvency of either of these institutions. The legal segregation of client assets from Appian's own reduces the risk to client assets in the event of Appian becoming insolvent. Where client assets are held in a pooled account there may be risks associated with an insolvency event but we believe these risks are mitigated by the records we retain and the legal structure around these accounts

### c. Controls in place to mitigate these possible risks

Appian reviews the suitability of the chosen custodian and bank on a 6 monthly basis. Robust operational controls are in place to ensure that all client instructions are correctly validated and daily and monthly controls are completed in accordance with the regulations.