

# Our obligations in respect of Client Money and Custody Assets

This statement should be read in conjunction with NatWest Markets Plc's Terms of Business:

<https://www.natwest.com/content/dam/natwest/corporates/pdfs/combined-terms-of-business.pdf>

## 1. Client Money

- 1.1. In the event that we hold any money for you as Client Money, we will make arrangements for the money to be held in a segregated account separate from our own funds with a central bank, an EEA credit institution or a bank authorised in a non-EEA state in which Client Money is placed ("Client Bank Account") in accordance with the Client Money Rules. We may transfer client money to a third party such as (but not limited to) an exchange, clearing house or intermediate broker for the purpose of a transaction for you with or through that third party or to meet your obligation to provide collateral.
- 1.2. Client Money will be subject to internal control mechanisms and proper accounting procedures in accordance with the Client Money Rules. The legal and regulatory regime applying to any such Client Bank Account or third party outside the EEA will be different from that applying within the EEA, and your rights in relation to that Client Money may differ accordingly. A list of the Client Bank Accounts that we use from time to time is available on request.
- 1.3. Unless otherwise agreed in writing, any Client Money held for you will be held for all clients in general Client Bank Accounts on an omnibus basis. This means that in the event of the failure of us or our Affiliates, any shortfall would be borne by all clients rateably in accordance with their entitlements in respect of the Client Money held for such clients on such basis. We have no responsibility or liability for any insolvency, acts or omission of any bank, credit institution or other third party to whom we may pass Client Money received from you.
- 1.4. Furthermore, in the event of the insolvency or any other analogous proceedings in relation to a Client Money bank or third party under a Client Money arrangement (a "Third Party Insolvency"), any shortfall caused by the insolvency of such Client Money bank or third party would also be borne by all such clients rateably in accordance with their entitlement and not just those whose Client Money was held with the relevant bank or other third party. The likelihood of any shortfall may be affected by whose rights have priority upon insolvency and the operations of any local compensation scheme. We would not be liable for any shortfall in respect of a Third Party Insolvency unless we had failed to comply with any duty of care or fiduciary obligation to which we were subject. We will only have an unsecured claim against the third party on behalf of you and our other clients, and you will be exposed to the risk that the money received by us from the third party is insufficient to satisfy the claims of you and all other clients with claims in respect of the relevant account with that third party.
- 1.5. We will not pay interest on balances held as Client Money unless otherwise agreed.

## 2. Treatment of Custody Assets

- 2.1 Where we hold cash and securities ("Custody Assets") for you we will register these assets either in your name, the name of our nominee, the name of our appointed sub-custodian (or their nominee) or exceptionally our name. Custody Assets will only be registered in our name or our appointed sub-custodian where required by local law or market practice outside of the United Kingdom (and only to the extent permitted by the FCA's client asset rules ("Custody Rules").
- 2.2 Where Custody Assets will be held with a third party outside the UK or in our name or the name of our Affiliates, we will take reasonable care to satisfy ourselves that it is in your best interests to do so or there is no feasible alternative because of Applicable Regulations or market practice. Custody Assets will be subject to internal control mechanisms and proper accounting procedures in accordance with the applicable custody rules.
- 2.3 Please be aware that your Custody Assets may be pooled with those of other clients of ours, or the Sub-Custodian in one omnibus account. Holding investments in an omnibus account is standard practice for service providers. However, you should be aware that in the event of a shortfall in our insolvency or that of the third party,

you may not receive all of your Custody Assets and may share rateably in accordance with all clients' entitlements subject to Applicable Regulation. Furthermore, delays in identifying individual investments may result in an increased risk of loss. Where we use a third party to hold assets we will take appropriate care to ensure these parties have sufficient expertise and market reputation.

- 2.4 **Warning:** Where Custody Assets will be held with a third party outside the UK or in our name, it may not be possible under local law to register or record your Custody Assets separately from our assets, with the risk of delay and loss in the event of our insolvency. We may hold Custody Assets with a third party, located outside the EEA. The legal and regulatory regime applying to any such accounts or third party would be different from that applying within the EEA, and your rights in relation to that Custody Asset may differ accordingly.
- 2.5 Where Custody Assets are held by third parties we would not be liable for the acts, omissions or insolvency of any third party, other than any nominee company controlled by us, or controlled by any of our Affiliates, unless we had failed to comply with any duty of care or fiduciary or other applicable regulatory obligation to which we were subject. Consequently, if a third party becomes insolvent, there may be some risk to your Custody Assets if all or part of your Custody Assets held by such party are not delivered to our order by the third party's insolvency official. By conducting business with us under these Terms you consent to your Custody Assets being held in this manner where relevant.

### **3. Statements**

- 3.1 We will provide you with statements in respect of any Client Money sums or Custody Assets held for you at least quarterly, as required by the Client Asset Rules. You are entitled to request at any time a statement of the Client Money or Custody Assets held for you under this Agreement. You agree that for the provision of any such statement, we may charge you such amount as we determine to reasonably correspond to our actual costs for providing such statement.
- 3.2 We will not provide you with a quarterly statement where we provide you with access to an online system through which you can access up-to-date statements of your Client Money or Client Asset holdings. However, if you do not access valuations through such online system at least once per quarter, we will revert to providing you with quarterly statements.

### **4. Shortfalls**

- 4.1 In the event that a shortfall in Custody Assets is identified through reconciliations or otherwise, until we resolve that shortfall we may hold the firm's assets under the Custody Rules, or segregate an equivalent sum of money as Client Money, or a combination of both, to make good such a shortfall. Where we determine that a third party is responsible, we will take all reasonable steps to quickly resolve the situation with the relevant party.

### **5. Dormant Accounts**

- 5.1 In the event that there has been no movement other than in respect of payment or receipt of interest, charges or similar items on your account in respect of Client Money, or we have not received instructions from you in relation to your Custody Assets for the prescribed period, and we can demonstrate we have taken reasonable steps to trace you and return your Client Money or Custody Assets, we may cease to treat such sums as Client Money or liquidate such Custody Assets and pay away the balances to charity as permitted by Applicable Regulations. The prescribed periods are 6 years for Client Money and 12 years for Custody Assets. Prior to paying any such sums away we will have made all reasonable steps to trace you and return your Client Money or Custody Assets as required by the FCA. We unconditionally undertake that should you subsequently submit a valid claim to your Client Money or Client Assets, we will pay to you a sum equal to the value of the Client Money or Custody Assets at the time they were liquidated or paid away (as applicable).

### **6. Compensation**

- 6.1 Please refer to the Complaints and Compensation Section for details of compensation that may be available to you.