

For clients

# Safeguarding client money and assets

## Introduction

This document is intended to give you an understanding of how Thesis looks after money and other assets entrusted to us by our clients.

## Client money and assets

Client money is the cash that we hold for you in your portfolio. Client assets are the individual stocks, shares and other investments which form the rest of your portfolio.

Thesis is not affiliated to or owned by any banks. Unlike a bank, we do not use your money to run our business, nor do we lend it to other clients. Instead, we hold it in trust and place it on deposit for you, according to your instructions. Client money is ring-fenced from our own assets and is kept strictly segregated in accordance with the rules of the Financial Conduct Authority (FCA) which regulates us.

## FCA rules

The FCA grants permission for firms to hold client money and assets. You can check whether a firm has permission by consulting the FCA's Financial Services Register, available on its website at [www.fca.org.uk](http://www.fca.org.uk). The Register shows whether the firm is 'able to hold and control client money' or 'unable to hold client money'.

The rules relating to the custody and safeguarding of client money and client assets are contained in the Client Assets sourcebook (CASS) maintained by the FCA. The rules exist to ensure that firms take adequate steps to protect the client assets for which they are responsible.

## Money on deposit

We pool your money with that of other clients and place it with leading banks, credit institutions or

qualifying money market funds. Periodically we review these organisations and the way that we divide client money between them. Our review might include ownership, regulatory compliance, capital resources and credit ratings. The review process is governed by our bank and money market selection policy, which is approved by the Thesis group board of directors and is subject to its direction and oversight.

Different investment companies select different banks in which to deposit client money, and the FCA requires firms to make a record of the grounds on which they believe their selection to be appropriate. This record must be kept for five years after the time when the firm has stopped using the third party to hold client money.

## Nominee holdings

Client assets held by our nominee company are held in the name of Thesis Nominees Limited. This is a non-trading company, wholly owned by Thesis, set up to ensure complete segregation from our own assets.

There is a risk that if Thesis (or our custodian) were to fail, and if there was found to be an irreconcilable shortfall in a particular asset holding, clients may be affected by that shortfall in proportion to their original share of the assets in the pool. However, to mitigate risk, we undertake ongoing due diligence and review of our custodian, including financial resources and security, insurance, risk management, procedures, measures to ensure continued security of assets, and data protection.

## Reconciliations

The FCA requires us to keep any records and accounts necessary to enable us at any time to distinguish safe custody assets held for one client from those of other clients, and from our own assets. Reconciliations are made to ensure the accuracy of our records and accounts, and to ensure that they

correspond to the records of third parties holding client assets.

If an asset reconciliation showed a discrepancy, we would make good any shortfall for which we were responsible. If another organisation was responsible, we would take reasonable steps to resolve the position with them. Firms must inform the FCA without delay of any failure to comply with the reconciliation requirements, including reconciliation discrepancies and making good any differences.

If a cash reconciliation showed a discrepancy, we would investigate to identify the reason for it and ensure that any shortfall is paid into – or any excess withdrawn from – the client bank account on the day the reconciliation was performed. If we identified a shortfall of client money in a third party account, we would pay our own money into the client bank account pending resolution of the discrepancy.

## Compensation

The banks amongst which we divide deposits guarantee repayment. However, this guarantee is only as strong as the bank itself. If it became insolvent or its assets were frozen or seized by the Government, we would make every effort to recover the money.

In the unlikely event of a bank failure, deposits with a UK authorised bank or building society are protected by the Financial Services Compensation Scheme (FSCS) up to a limit of £85,000 per person per organisation, as long as each organisation has its own banking authorisation.

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Retail investment clients are also covered by the FSCS which covers any shortfall for an individual investor to a maximum of £85,000 of their investments, per person per firm. Further information on the FSCS can be found at [www.fscs.org.uk](http://www.fscs.org.uk).

The Thesis group maintains an appropriate level of professional indemnity insurance (PII) cover. The level of PII cover and relevant procedures are reviewed regularly to provide cover for legal costs and mitigating compensation payable in the event of errors being made.

## Oversight

Thesis has a comprehensive compliance monitoring programme, which is subject to regular review both internally, and externally by our appointed auditor (see below). As required by the FCA, Thesis has allocated a senior manager with the prescribed responsibility for compliance with CASS, who also performs the of CASS Oversight function, with formal responsibility for the oversight of client assets and money, and specialist staff dedicated to robust client assets handling. Relevant information about our handling of client assets is provided monthly to our management committee, and quarterly to the board of directors, to ensure good governance.

## Independent audit

Thesis complies with the FCA's requirement for it to appoint (annually) an external auditor to independently assess its client assets arrangements. The auditor gives their opinion on whether we have maintained systems adequate to comply with the FCA's client money and custody rules.

[www.thesisam.com](http://www.thesisam.com)

This update is for information only and should not be considered advice to invest or to use our services. This information is not a substitute for professional advice based on your own circumstances. Issued by Thesis Asset Management Limited, Exchange Building, St John's Street, Chichester PO19 1UP. Authorised and regulated by the Financial Conduct Authority. February 2022.