

Central Securities Depositories Regulation Disclosure

January 2021

This document provides an indication of the cost structure and levels of protection associated with supporting the account types described below. Further information on the associated costs is available upon request.

1. Introduction

In accordance with Article 38 of the Central Securities Depositories Regulation (CSDR), Close Asset Management Limited (CAML) is required to offer its clients the choice between omnibus client segregated accounts or individual client segregated accounts at each Central Securities Depository (CSD) in the European Union (EU) of which CAML is a direct participant. CAML is a direct participant of Euroclear CREST in respect of CREST eligible securities.

This disclosure is intended to provide additional information and support when choosing the account type that is best suited to your investor profile and needs. Whilst this document may be helpful to you when making this decision, it does not constitute legal or any other form of advice and must not be relied on as such.

2. Overview

Omnibus Client Segregated Account (OCSA)

An OCSA is used to hold the securities of a number of CAML's clients on a collective basis. Such accounts are not used to hold CAML's proprietary securities. An OCSA is the standard account structure at the CSD. A client's individual entitlements may not be identifiable by separate certificates, other physical documents of title or equivalent electronic records.

Individual Client Segregated Account (ICSA)

An ICSA is used to hold the securities of a single client and therefore the client's securities are held separately from the securities of other clients and CAML's proprietary securities.

3. Costs

OCSAs are part of CAML's existing service offering and account structure and currently CAML does not intend to change the existing OCSA cost structure. This remains, however, subject to possible future cost reviews by either the CSD or by CAML.

The cost of setting up and maintaining an ICSA on behalf of a client is higher compared to the OCSA option. This is driven by the additional complexity and expenditure both at CAML and at the CSD in order to set up ICSAs and maintain them, such as:

technical account setup at the CSD;

technical account setup at CAML;

ongoing processing and maintenance at the CSD; and

ongoing processing and maintenance at the CAML

Furthermore, the number of accounts that clients request has a direct impact on the time and resources required at CAML and at the CSD in order to set up these accounts and maintain them on an ongoing basis.

4. Legal implications of the levels of segregation

CAML is authorised and regulated by the Financial Conduct Authority (FCA) and our conduct is subject to the FCA's rules including those for the protection of client money and assets (CASS). These rules require a strict separation of company and client money and assets. They also set out detailed requirements designed to ensure that we have robust procedures and controls in place. Compliance with the CASS rules is subject to strict internal governance within CAML and is subject to annual external audit.

Solvency

In the event of CAML's insolvency, client money and assets would be ring-fenced so that general creditors would have no legal right to these.

Clients' legal entitlement to the securities that we hold for them directly with CSDs would not be affected by our insolvency, whether those securities were held in ICSAs or OCSAs.

Any client money held by CAML is held by us on trust and segregated from CAML's own money. This ensures that client money is ring-fenced in the highly unlikely event of CAML's insolvency. This applies whether the securities are held in an OCSA or an ICSA.

Shortfalls

If there were a shortfall between the number of securities that we are obliged to deliver to clients and the number of securities that we hold on their behalf in either an ICSA or an OCSA, this could result in fewer securities than clients are entitled to being returned to them on our insolvency. The way in which a shortfall could arise would be different between ICSAs and OCSAs.

Within an OCSA it is possible that the shortfall could have arisen due to activity for other clients with assets in that account. However, the shortfall will be shared on a proportional basis by all clients with assets in the account.

Nature of clients' interests

Although our clients' securities are registered in the name of CAML's nominee company at the relevant CSD, we hold them on behalf of our clients, who are considered as a matter of law to have a beneficial proprietary interest in those securities. This is in addition to any contractual right a client may have against us to have the securities delivered to them.

Please remember that all investments carry risk. Values can go up and down and you may get back less than invested.

Close Brothers Asset Management is a trading name of Close Asset Management Limited (Registered number: 01644127) and Close Asset Management (UK) Limited (Registered number: 02998803). Both companies are part of the Close Brothers Group plc group of companies, are registered in England and Wales and are authorised and regulated by the Financial Conduct Authority. Registered office: 10 Crown Place, London EC2A 4FT. VAT registration number: 245 5013 86.