



Client Assets Key Information Document (CAKID)



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Introduction

This document provides you with key information in relation to how and where your assets will be held by BlackBee Investments Limited (“BlackBee”), (the “Firm”). In addition, this document provides you with an overview of the associated risks and the controls in place to help manage those risks. This information is required to be issued to you pursuant to the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2017 (the “Regulations”) issued by the Central Bank of Ireland. It is important that you read this document as well as the Firm’s terms of business, prior to signing your relevant agreements with BlackBee.

Key Principles of the Client Asset Regulations

The purpose of the client asset regime is to regulate and safe-guard the handling of client assets. Aligned with regulatory requirements and guidance issued by the Central Bank of Ireland, the client asset framework is based on the following principles:

1. Segregation

BlackBee holds your assets separately to the Firm’s own assets

2. Designation and Registration

Records are maintained to ensure all client assets are clearly identified in BlackBee’s records and the records of third- parties. All client assets are held in designated client asset accounts.

3. Reconciliation

BlackBee reconciles its records to ensure that at any time, it may produce an accurate record of the client assets held for each client and the total held in the client asset account.

Additionally, the Firm reconciles between records in its internal systems and the records of third parties that hold client assets on behalf of the Firm.

4. Daily Calculation

Daily calculations are performed to ensure that the amount of client funds equals the amount that should be held.

5. Client Disclosure and Client Consent

BlackBee provides information to its clients with respect to its client asset regime, including this CAKID for retail clients. The Firm also obtains the client’s consent regarding its approach to holding the client’s assets.

6. Risk Management

BlackBee has frameworks in place to ensure risks relating to client assets are identified and controls or mitigations are in place to manage those risks. To that end, BlackBee has appointed a person to the role of Head of Client Asset Oversight (“HCAO”) who is responsible for the Firm’s Client Asset Management Plan (“CAMP”).

7. Client Asset Examination

BlackBee engages an external auditor to report to the Central Bank of Ireland annually with respect to the Firm’s safeguarding of client assets.

The full text of the Regulations as well as guidance issued by the Central Bank of Ireland in that regard, is available on the Central Bank’s website: www.centralbank.ie

What are Client Assets?

Client Assets include both client funds and client financial instruments.

Client funds refers to any funds held by BlackBee on behalf of its clients, including for example cheques or other payable orders and electronic fund receipts.

Client financial instruments refers to instruments held by BlackBee on behalf of its clients, including for example certificates, bonds and notes.

When do the Regulations apply?

The Regulations apply where BlackBee receives and holds client funds and client financial instruments that have been entrusted to the Firm or our nominee, and where the Firm has the capacity to effect transactions over those assets.

Client funds will not be covered by the client asset regime however in certain circumstances, including but not limited to where:

- cheques or other payable orders are made payable to a third party and BlackBee directs the cheque/ payable order to that party;
- the cheque/payable order received is not honoured by the paying bank;
- where funds are due to BlackBee itself in accordance with the Regulations and Terms and Conditions of each product;
- where funds are received exclusively for an activity of BlackBee that is not a regulated financial service.

Client assets will cease to be covered by the client asset regime where they are paid back to the client or to a third party on the instruction of the client.

BlackBee always acts in the best interest of its clients, and will be happy to address any queries regarding the scope and application of the client asset regime.

How and where are Client Assets held?

BlackBee may hold client funds for a period of up to one working day from the initial receipt of the funds, prior to the funds being lodged in designated, pooled client asset accounts with eligible third parties.

BlackBee may hold client financial instruments where:

- they have been entrusted to BlackBee by or on account of a client of BlackBee; and
- BlackBee holds those instruments, including by holding documents of title to them; and where
- BlackBee has the capacity to effect transactions in respect of those instruments.

BlackBee appoints third party entities to hold assets on behalf of its clients where:

- a due diligence assessment has been carried out;
- the entity is appropriately authorised in the jurisdiction in which it is located and subject to ongoing supervision in that regard;
- a fund/ financial instrument facilities letter is in place aligned to the Regulations and guidance, prior to client assets being lodged;
- the client's rights are not affected by the holding of client assets with the third party;
- the accounts are appropriately designated as client asset accounts by the third party institution.

Additional provisions are made where the third party entity is based outside of Ireland. Clients are advised in writing in this regard of key differences, including for example the relevant legal and regulatory regime applying and the fact that the rights of the client relating to those client assets may differ accordingly. BlackBee seeks consent from its clients prior to depositing client assets with a third-party outside of Ireland.

Once appointed, third party institutions are monitored on an ongoing basis by BlackBee to ensure they carry out their responsibilities as outlined in contractual arrangements, and remain fit for purpose at all times.

The third parties with whom client assets may be held are set out below:

Name	Address	Website
Client Funds		
Ulster Bank Ireland DAC; Ulster Bank Limited	1 George's Quay, Dublin 2, Ireland	https://digital.ulster-bank.ie/
Citibank N.A.	Citigroup Centre, 25 Canada Sq., Canary Wharf, London E14 5LB, UK	https://www.citigroup.com/citi/
Client Financial Instruments		
Citibank N.A.	Citigroup Centre, 25 Canada Sq., Canary Wharf, London E14 5LB, UK	https://www.citigroup.com/citi/

Please note that the above list is subject to change, and the current list is available on our website: www.blackbee.ie

In the event that any of the institutions specified becomes insolvent, you should be aware that you may not receive back all or any of the assets that they hold on your behalf. In addition, we do not accept liability for any acts or omissions of those custodians or credit institutions of for their default. BlackBee is a member of the Investor Compensation Scheme in Ireland, which provides compensation to eligible investors in the event of insolvency. Additional details relating to this scheme are available on www.investorcompensation.ie

Assets held on your behalf by Citibank N.A. are subject to the Compensation Scheme of the United Kingdom.

What are the key risks to safeguarding client assets?

Although the purpose of the client asset regime is to regulate and safeguard the handling of client assets, it can never eliminate all risks.

A detailed register is maintained by BlackBee, identifying the key risks arising from the client asset regime as well as key controls and mitigants in place to manage those risks. The HCAO takes responsibility for ensuring the risk register is correct and up to date at all times and the Board of Directors are aware of the material risks, including:

Conduct Risk

The risk of inappropriate, unethical or unlawful behaviour on the part of BlackBee's management or employees, which can be caused by deliberate actions (fraud) or may be inadvertent and caused by inadequacies in the Firm's practice, frameworks or education programs (operational risks).

Default Risk

Clients may bear losses in the event that BlackBee or a third party entity holding client assets on behalf of BlackBee default.

Regulatory Risk

The risk of enforcement action in the event of BlackBee failing to meet regulatory standards with respect to the safeguarding of client assets.

What are the main controls to safeguard client assets?

The principles outlined in the Central Bank's guidance, which are embedded within the Firm's CAMP and overseen by the Board of Directors, serve as key controls to safeguard client assets. Adherence to these principles is monitored by the business and included in reports by the HCAO to the Risk Management Committee and Board of Directors.

Key controls/ mitigants include:

- due diligence controls in place with respect to third-party entities that are appointed to hold client assets;
- risk assessments carried out and presented to the Risk Management Committee regarding the solvency/ default risk of those third-party entities;
- procedures in place to minimise the potential for operational and conduct risks arising;
- ongoing monitoring activity completed by the Firm's second line of defence, i.e. Compliance and Risk;
- the assessment completed on the Firm's client asset regime on an annual basis by appointed external auditors;
- the supervision and scrutiny provided by the Central Bank of Ireland.

Disclaimer

The information provided in this CAKID is based on information available to BlackBee as at December 2018. The Firm may also use information obtained from third parties. As such, the Firm accepts no liability for any errors or omissions that may be contained within that information. The Firm may update or amend this CAKID as appropriate. Any change which the Firm deems as material will be notified to you. The legislative information contained herein is based on the Firm`s understanding of current practice as at December 2018.



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