

**APT Wealth Management Limited**  
**Client Asset Key Information Document**  
**(CAKID)**



**August 2023**

## Dear Client

We are delighted to take the opportunity to give you some information on the products and services that we provide. APT Wealth Management Limited is A MiFID Investment firm authorised to hold client assets. APT Wealth Management Limited is regulated by the Central Bank of Ireland.

The Client Asset Requirements (CAR) are contained in Part 6 of (S.I. No 10 of 2023) Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2023, which replaced the Investment Firms Regulations 2017 and previous to that the Client Asset Regulations 2015 (SI 104 of 2015). In addition the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375 of 2017) (MiFID Regulations), Schedule 3 to the MiFID Regulations in respect of the Safeguarding Client Financial Instruments and Funds.

The purposes of the Regulations and the client asset regime are to regulate client assets, to ensure that you and your assets are protected and safeguarded, and to try to eliminate as much risk as possible for you as the consumer. It is important to bear in mind that the client asset regime cannot fully eliminate all risks relating to client assets, e.g. fraud, negligence, etc. A copy of the Regulations and guidance can be found on the Central Bank's website [Client Assets / Investor Money | Central Bank of Ireland](#)

This document summarises the Client Asset Regulations and the manner in which we handle your assets. If you have any questions or need more information, our dedicated Compliance team will be happy to answer any queries.

## Key Features of Client Asset Regulations

There are 7 core features of the Client Asset Regulations which the Firm must comply with in relation to the holding of Client Assets, detailed below

### **(i) Segregation**

Client Assets are held separately from the Firm's own assets. This ensures that in the event of the insolvency of the Firm, your assets are safe guarded and are protected against any potential claim by creditors of the Firm.

The Regulations ensure that your Client Assets are not used to fund any obligation to any client.

### **(ii) Designation and Registration**

The Firm clearly identifies all Client Assets in its internal records and in the records of any relevant third party and ensure that they are identifiable from the Firm's own assets.

### **(iii) Reconciliation**

The Firm keeps accurate books and records to enable it at any time and without delay to provide an accurate record including the total value of the Client Assets held for each client.

### **(iv) Daily Calculation**

The Firm performs daily calculations to verify the amount held in its Pooled Accounts is equal to the amount recorded on its internal system.

The Client Funds held in segregated fixed deposit accounts are reconciled monthly. The amount of Client Funds held in unitised funds are reconciled monthly. This calculation is based on balances at the close of business of the previous day and ensures that the Firm can produce a list of the Client Assets.

### **(v) Disclosure and Client Consent**

The Firm provides information to its clients showing where and how the Client Assets are held and the associated risks with each holding. This document and the APT Terms of Business provides information on the Firm's approach to managing Client Assets and the associated risks.

### **(vi) Risk Management**

The Firm ensures that it applies systems and controls to identify any risks under the client asset regime. It also shows how to mitigate such risks.

## (vii) Client Asset Examination

### What are Client Assets under the Regulations?



Client Assets consist of Client Funds and Client Financial Instruments.

Client Funds mean any funds owed to or held on behalf of clients including cash, cheques or other payable orders, current and deposit accounts. However, client funds which relate to unregulated products and/or services, such as direct investment in real estate property or metal, are not subject to the Client Asset Regulations. Client Funds held by APT Wealth Management are funds held in either the Pooled ARF or PRB Accounts and deposits which are held in segregated deposit accounts.

Client Financial Instruments refers to financial instruments such as transferable securities, money market instruments, unit in unit trusts or other financial instruments as defined in the Regulation 3(1) of the MiFID Regulations or in Section 2(1) of the Investment Intermediaries Act 1995.

Clients should be aware that the client asset regime does not protect you against the changes in the value of the client assets. Any unregulated investments or investments that operate outside a regulatory environment will not be covered by the Client Asset Regulations.

### When do the Regulations apply?

Client Funds received by APT Wealth Management are subject to the client asset regime. The Firm is deemed to hold Client Funds where the money has been lodged on behalf of a client to a client asset account in the name of APT or of the nominee of APT, and the Firm has the capacity to effect transactions on that client asset account.

The Client Financial Instruments that are held by the Firm are also subject to the Regulations. The Firm is deemed to hold Client Financial Instruments where the firm has been entrusted by or on account of a client with those instruments and holds those instruments or entrusts those instruments to any nominee and in respect of which the Firm has capacity to effect transactions.

Client Assets cease to be Client Assets where:

- they are paid, or transferred, to the client whether directly or into an account with an eligible credit institution or relevant party in the name of the client (not being an account which is also in the name of the firm)
- they are paid, or transferred, to a third party on the written instructions of the client and are no longer under the control of the firm. In addition, acting in accordance with the terms of an investment management agreement or the completion of an order or application form will be considered to be a request from the client to pay the client assets to the relevant third party.

Cheques received that are payable to APT Wealth Management and cheques issued by APT Wealth Management are, until cashed, are Client Funds. However, cheques that are made payable to third parties that are directly transmitted are not considered Client Assets.

Money transferred directly (or made payable in cheque form) to a stockbroker account is not covered by the protection of the Client Asset Regulations as APT does not have control of the investments in these accounts.

The Regulations will not apply if the money relates exclusively to an activity which is not a regulated financial service. For example, investments in Gold and Silver bullion, property held by a client in their ARF and income received from the rental of such properties are not protected by the Client Asset Regulations. Client Assets received specifically for unregulated services are held separately from Client Assets that are protected under the Client Asset Regulations.

## **Circumstances in which APT will hold Client Assets**

APT will hold Client Assets in several circumstances depending on the nature of the transaction undertaken. Please note that APT does not hold any Client Assets outside Republic of Ireland.

### **Client Assets held by APT**

APT may hold Client Funds, such as unlodged cheques received on behalf of the client for up to one working day.

### **Client Assets held by a third party**

#### **(a) Cash held in pooled bank accounts**

APT has accounts which are designated as client asset accounts in the name of the nominee company of the Firm with a pre-approved credit institution. Any Client Funds received will be held in the relevant pooled designated client asset account, depending on the source of the Client Funds. The following are the circumstances in which the Firm will hold the Client Funds in the client asset accounts. Please note that this is not the exhaustive list:

- Funds received from pensions arrangement after retirement.
- Funds received from the redemption of investments for the purpose of switching funds or the payment of charges and fees.
- Fund received from the redemption of investments to cover drawdown payments.
- A client wishes to hold Client Funds in the pooled client asset account.

#### **(b) Deposit accounts**

In special circumstances, APT will permit clients in its ARF product to hold funds in individual segregated deposit accounts. Deposits can only be held with an approved panel of banks. This panel is reviewed every six months by the Board of Directors of the Firm with appropriate analysis performed to satisfy itself that the controls in place within these organisations are robust in respect of the management of Client Assets.

#### **(c) Client Financial Instruments held by a third party**

APT may place Client Assets with eligible third parties (e.g. MiFID regulated investment firms) in the name of the nominee company of the Firm. Clients can hold units in funds managed by a range of investment managers selected by APT or by other investment managers subject to APT's agreement.

## **The arrangements applying to holding of Client Assets and the relevant risks associated**

### **How APT holds Client Assets**

The firm holds Client Assets in a number of ways; -

#### **Unlodged Cheques**

APT will lodge cheques received on behalf of clients within one working day upon the receipt of such cheque. The cheque will be lodged in the Pooled Accounts designated as client asset accounts in the name of the nominee company of the Firm.

#### **Pooled Bank Accounts**

The Pooled Accounts operated by APT for its Approved Retirement Fund (ARF) and Personal Retirement Bond (PRB) products are all opened and maintained with Bank of Ireland. The accounts are designated under the Firm's nominee company so that it is clear that they only contain Client Assets thus adding an extra layer of protection for our clients.

The Pooled Accounts for our ARF and PRB are as follows:

#### **APT FS Limited ARF Client Asset Account**

#### **APT FS Limited PRB Client Asset Account**

#### **Segregated Deposit Accounts**

The segregated deposit accounts are with the APT approved panel of banks. This panel is reviewed every six months by the Board of Directors of the Firm and appropriate due diligence is conducted to ensure that they continue to be suitable to hold Client Assets. All of the banks which the segregated deposit accounts are held with are Irish regulated.

#### **Client Financial Instruments**

All Client Financial Instruments are held in Pooled Accounts with the investment managers. It is the Firm's policy to select reputable investment managers or third parties in order to mitigate any potential risks. These accounts are designated under the Firm's nominee company so that it is clear that they only contain client assets thus adding an extra layer of protection for our clients. For example:

#### **APT FS Nominees Limited ARF Client Asset Account**

#### **APT FS Nominees Limited PRB Client Asset Account**

When opening a client asset account, a facilities letter will be obtained in advance. This letter sets out the firm's relationship with a bank, investment manager and custodian.

### **Risk Mitigation**

The Client Asset Regulations aim to regulate and safeguard Client Assets in order to minimise the risks that could potentially affect client assets. However, as mentioned earlier, it should be noted that it cannot completely eliminate all risks relating to Client Assets. The material risks that are applicable to Client Assets are listed below.

### **Counterparty Risk**

This is the risk that a counterparty will default on redeeming units invested or will abscond with client money. The risk of insolvency or failure of the banks and investment managers chosen by APT is considered to be low. The firm has a pre-approved list of the banks and investment managers, which is subject to constant review by the management, to hold the Client Assets for our clients. Only reputable banks and investment managers are selected to hold the Client Assets.

### **Operational Risk**

This risk arises from inadequate or failed internal processes and systems from the actions of people or from external events, which will negatively impact client assets. The firm has comprehensive procedures, processes and controls in place to ensure that all procedures are kept up to date, reviewed and amended as needed. All procedures are subject to regular review.

### **Risk of Fraud**

The risk of fraud might arise when there is an intentional deception from an internal (e.g. APT employees) or external source (e.g. third party) for financial or personal gain. The Firm has employed strict internal controls and procedures in order to mitigate such risk. For example, all payments require authorisation by two signatories, and payments will only be made upon the receipt of your instruction.

The Head of Client Asset Oversight is appointed to ensure the safeguarding of the client assets and all the controls, procedures and processes in place are up to date. In addition, the Firm's Compliance team monitors and assesses the risk of the Client Assets regularly and take appropriate actions when necessary to manage the risks.

### **Risk of pooling**



Client assets held in omnibus accounts are pooled together, this is the risk that one client's assets will be used to fund another clients transactions. The firm has strict processes and procedures to mitigate against this risk.

### **Risk Mitigants**

APT Wealth Management have in place a number of strict processes and procedures to mitigate against identified risks and to ensure compliance with CAR to safeguard client assets.

The Head of Client Asset Oversight (HCAO) is a pre-approved control function under the CBI's Fitness and Probity Regime. The HCAO oversees the risks and controls related to the Client Asset Regime.

The Compliance team independently monitor and assess compliance with all applicable regulation. The firm also has an internal audit function which establishes, implements and maintains an audit plan to examine the firm's internal systems and controls.

### **Investor Compensation Act**

Where applicable to the product and/or service, the Investor Compensation Act will apply. Further information is available from APT.

This document is reviewed as appropriate and at least annually as set out in the APT Client Assets Management Plan. The governance arrangements and appropriate role holders in the management of client assets are also set out in the Client Assets Management Plan.

Clients will be notified of any material changes or updates made to this document within one month of review.

## Glossary

<b>“APT”, the “Firm”, “we”, “our” or “us”</b>	APT Wealth Management Limited
<b>“ARF”</b>	Approved Retirement Fund
<b>“Client Assets”</b>	Client Funds and Client Financial Instruments
<b>“Client Asset Account”</b>	An account with a third party which has the following features: (a) is in the name of the investment firm or its nominee; and (b) includes in its title an appropriate description to distinguish assets in the account from the investment firm's own assets held elsewhere; and may include an account where the assets of multiple clients are held in the one account, this can also be known as a pools account;
<b>“Client Asset Regulations” or “the Regulations” or CAR</b>	The Client Asset Requirements (CAR) are contained in Part 6 of (S.I. No 10 of 2023) Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2023, which replaced the Investment Firms Regulations 2017 and previous to that the Client Asset Regulations 2015 (SI 104 of 2015). In addition the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375 of 2017) (MiFID Regulations), Schedule 3 to the MiFID Regulations in respect of the Safeguarding Client Financial Instruments and Funds.
<b>“Client Financial Instruments”</b>	A financial instrument as defined in Regulation 3(1) of the MiFID Regulations and an investment instrument as defined in section 2(1) of the Investment Intermediaries Act 1995, which is held by an investment firm on behalf of a client and includes, without limitation, any: (a) client financial instrument that is held with a nominee; and (b) claim relating to, or a right in or in respect of a financial instrument.
<b>“Client Funds”</b>	Funds owed to or held on behalf of clients including cash, cheques or other payable orders, current and deposit accounts.
<b>“Pooled Account”</b>	A Client Asset Account in which the Client Assets of more than one client are held.

<b>"PRB"</b>	Personal Retirement Bond
<b>"MiFID Regulations"</b>	The rules and regulations which apply to all authorised MiFID firms. It refers to SI No 60 2007 European Communities (Markets in Financial Instruments) Regulations 2007. Since updated by MiFID II effective as of 3 <sup>rd</sup> January 2018.



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APT Wealth Management Limited is regulated by the Central Bank of Ireland.