

## **Client Money Protection**

### **Introduction**

Here at KVB PRIME (UK) LIMITED (hereafter known as “KVB Prime”) we take the safety of clients’ funds very seriously.

We will take measures to ensure the safe return of Retail client money and we stand by our obligations as laid out by our regulator the Financial Conduct Authority (FCA). The rules of this can be found in the FCA’s Client Assets Sourcebook (“CASS”), which govern exactly what we can do and how we must do it.

### **Keys points to consider for retail clients**

- All retail client funds are housed in segregated accounts in top global banks.
- Your money is never mixed with KVB Prime’s own money.
- KVB Prime will not use your money for business activities, including for hedging trades with other counterparties (or as a margin for our own hedging trades)
- Your money is ring-fenced from creditors in the unlikely event that KVB Prime goes into liquidation. So your money is safe.
- In the event of insolvency (of either KVB Prime or client money bank) you may be eligible to compensation from the Financial Services Compensation Scheme (FSCS).

### **What does KVB Prime do with your money?**

As stated above the FCA has given us strict rules what we must do with your money and what we must not do with your money.

KVB Prime will separate client money and assets from their own resources. This means that we’re not allowed to use them in the course of our business operations and that client money and assets are completely ring-fenced and protected in the unlikely event that KVB Prime became insolvent.

Retail client money is transferred to a segregated client money bank account held with a third party. KVB Prime only deposits client money with third parties that have a credit rating equivalent to the FCA's Credit Quality Step 5 rating. KVB Prime exercises all due diligence in the selection, appointment and periodic review of third parties.

The only clients whose money and assets aren't treated like this are professional clients (such as other financial firms), or eligible counterparties who have signed a legal document explaining how their money and assets are held differently (this is known as 'title transfer').

## **So how do we segregate your money?**

When funds are segregated, the cash held with a bank does not belong to KVB Prime but to the clients of the KVB Prime, and it will be held in a way that enables it to be identified as such, and any charges, liens or rights of set-off or retention over the cash are waived.

KVB Prime performs daily client money reconciliations in accordance with FCA requirements. This process ensures that funds held in segregated bank accounts always accurately reflect retail client assets. The full value of a client trading account is treated as client money. We are required to file Client Money Asset Returns (CMAR) on a monthly basis to the regulator.

KVB Prime's client money controls and processes are audited annually by our statutory auditors and the results are reported to the FCA. Internal audits and reviews are also undertaken periodically, which are overseen by independent Non-Executive Directors.

## **What happens to my money if KVB Prime goes into liquidation?**

In the unlikely event that KVB Prime should fall into liquidation, retail clients would have their share of segregated money returned, minus the administrators' costs in handling and distributing these funds.

Any shortfall of funds of up to £50,000 may be compensated for, under the Financial Services Compensation Scheme (FSCS).

## **What if the bank where money has been deposited goes into liquidation?**

In the event of a bank liquidation (known as secondary pooling), losses would be shared by clients in proportion to the share of funds held with a bank which has failed.

Funds lost as a result may be compensated for under the Financial Services Compensation Scheme (FSCS) up to a limit of £85,000 per person, per institution, subject to other balances held with the bank in question.

## **What is the Financial Services Compensation Scheme (FSCS)?**

The FSCS is the UK's compensation fund of last resort and was created on 1 December 2001, when the Financial Services and Markets Act 2000 came into force. The FSCS acts as a

'safety net' for clients of authorised firms (i.e. FCA regulated financial services firms such as KVB Prime).

Using the scheme does not cost you anything, but to qualify for compensation you need to be eligible according to the FSCS rules. Generally, the FSCS covers private individuals, as well as some small businesses.

Further information on the FSCS can be obtained from their website, [www.fscs.org.uk](http://www.fscs.org.uk) or by calling the FSCS Helpline on +44 (0) 20 7741 4100 or 0800 678 1100.