

# Investor protection

## A guide to how we keep your money and assets safe

Holding cash and assets on your behalf is a huge responsibility and we take that seriously. Here's some information to explain how your cash and assets are protected when we are responsible for them.

### Client money

All client money (or cash) is held by us in trust and is segregated from our own funds so that any creditors of ours would have no legal right to it and similarly we are unable to use any of this money to meet our own obligations as a company. We deposit your cash with authorised banks, in what's known as a pooling arrangement, where your individual share of the pool is recorded in our records and reflects what we show in your wrap account summary.

Each business day we complete a reconciliation to ensure that the total of all of the individual accounts held on the platform matches what we hold in that pooled cash arrangement.

As at 30 April 2019, client money is only held with UK authorised clearing banks. Banks who are actively holding our client money as at 30 April 2019 are: Bank of Scotland Plc, Lloyds Bank Plc, and The Royal Bank of Scotland Plc. We consider how we appoint banks and diversify the client money held with them depending on market conditions and our due diligence, so this list could change at any time.

Client money is held under the FCA CASS rules as per the table below.

### Client assets

Assets held with us can take many forms but the most common are securities in UK listed companies or investment trusts, shares in funds or structured investment products. Whatever form the asset takes, we hold it in the name of or to the order of either NFS Nominees Ltd, with an approved third-party custodian or, in the case of onshore bond and pension products, in the name of the provider or trustee. NFS Nominees Ltd is a non-trading company so it cannot run up liabilities of its own and Nucleus accepts full liability for any default by our nominee company. We maintain detailed records of all your investments and assets for which you will, always, remain the beneficial owner for products provided by Nucleus, as per table below.

We perform a monthly reconciliation between our client records and the records of the fund managers or sub custodians to ensure all assets remain protected.

Client assets are held under the FCA CASS rules as per the table below.

### Internal governance

The protection of client money and assets is at the forefront of all we do at Nucleus. We have a dedicated team in place whose sole responsibility is to ensure that all assets and money are accounted for and that we adhere to the FCA's principle 10 – "A firm must arrange adequate protection for clients' assets when it is responsible for them". We believe that ensuring robust and effective controls in processes that impact client cash or assets is extremely important.

### Financial services compensation scheme (FSCS)

The FSCS is the UK's compensation fund of last resort for clients of authorised financial services firms. It may pay compensation if a firm is unable, or likely to be unable, to meet claims against it. This is usually because it has stopped trading or has been declared in default.

In the unlikely event that we cease trading, you may be entitled to compensation from the FSCS. This depends on whether you are an eligible claimant, the type of business and the circumstances of the claim. Further information about compensation can be found on the FSCS website at: [www.fscs.org.uk](http://www.fscs.org.uk).

FSCS can award up to £85,000 in compensation to any one investor where they decide that an investment business is in default and is unable to satisfy any claims against it.

In addition, if one of the banks which we use for depositing cash balances is declared in default, eligible claimants are entitled to 100% of the first £85,000 in total in compensation for losses across all their deposits with that institution. Please bear in mind that this limit doesn't apply only to money held through Nucleus but would apply to all holdings that you may have with the bank directly or through another financial services provider.

### Security of client assets and payment of administrator fees

Nucleus is required by the FCA to hold our own funds (or capital), so that we can meet the costs of an administration if we were required to stop trading and wind our business down. If the administrator can't recover their fees, in full, from our own funds, they're legally allowed to make charges against client assets to cover the difference, but only where the costs relate to returning those assets to clients.

In this case investors will be able to claim under the Financial Services Compensation Scheme (FSCS). At Nucleus we maintain accurate books and records and have detailed operational plans to support any wind-down, both of which would limit the costs an administrator would have to incur in returning client assets to their rightful owner.

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## Your account and the regulatory protections

Accounts – General, General gross, Isa					
Assets	Provider	Asset legal owner	Asset beneficial owner	CASS rules apply	FSCS webpage for further information
Cash	Nucleus	NFS Nominee	Client	CASS 7	Up to £85,000
Funds, equities, certified stock	Nucleus	NFS Nominee	Client	CASS 6	Up to £85,000

  

Account – Sipp					
Assets	Provider	Asset legal owner	Asset beneficial owner	CASS rules apply	FSCS or other protection
Cash	Nucleus	Trustees	Client	No, CASS does not apply as assets held and protected under Trust law	Up to £85,000
Funds, equities, certified stock	Nucleus	Trustees	Client	No, CASS does not apply as assets held and protected under Trust law	Up to £85,000

  

Account – Offshore Bond					
Assets	Provider	Asset legal owner	Asset beneficial owner	CASS rules apply	FSCS or other protection
Bond	RL360	RL360	RL360	No	You may be protected - contact your adviser for further information

  

Account – Onshore Bond					
Assets	Provider	Asset legal owner	Asset beneficial owner	CASS rules apply	FSCS or other protection
Bond	Sanlam	Sanlam	Sanlam	No	You may be protected - contact your adviser for further information

  

Account – Onshore Bond					
Assets	Provider	Asset legal owner	Asset beneficial owner	CASS rules apply	FSCS or other protection
Bond	Scottish Friendly	Scottish Friendly	Scottish Friendly	No	You may be protected - contact your adviser for further information

  

Account – APP					
Assets	Provider	Asset legal owner	Asset beneficial owner	CASS rules apply	FSCS or other protection
Cash	Scottish Friendly	Trustees	Client	No	You may be protected - contact your adviser for further information
Funds, equities, certified stock	Scottish Friendly	Trustees	Client	No	You may be protected - contact your adviser for further information