IGUAKO CAPITAL · Group policy

Client Assets and Client Money

This policy sets out how IGUAKO Capital protects assets and money that belong to clients. It requires that client assets are held by an approved custodian in the client's name or in a designated client account, that client money is never mixed with the firm's own money, that every holding is reconciled to the custodian's records on a fixed cycle, and that any shortfall is made good from the firm's own resources on the day it is confirmed. It applies to the Private Wealth & UHNW division, to the fund platforms in Ireland and Luxembourg and to every booking centre.

CODE	CATEGORY	VERSION
IGC-CC-005	Conduct and clients	2.4
EFFECTIVE	**REVIEW**	**OWNER**
2022-11-01	Annual; last reviewed November 2025, next review due November 2026	Head of Client Assets Oversight

1. Purpose and scope

The policy exists so that, if any IGUAKO Capital entity failed, its clients' assets would be identifiable, separate and returnable without delay. The firm holds US$842 million under stewardship for clients. None of that figure sits on the group balance sheet of US$610 million, and the arrangements in this policy are what keep the two apart.

It applies to every entity that holds, controls or has authority over client assets or client money: the booking centres in Nassau, Zürich and St Helier, the fund platforms in Dublin and Luxembourg, the George Town head office where custody oversight sits, and any office that operates a client transaction account. It covers securities, cash, fund units, precious-metal holdings and any other asset held for a client, and cash received from or due to a client in the course of business.

The Private Equity, Investment Banking and Commercial Finance divisions do not hold client assets in the ordinary course. Where one of them receives money on behalf of a client, for example a deposit under an escrow arrangement during a transaction, that money is held under this policy in a designated account until it is paid out under the terms of the escrow.

2. Definitions

Client assets are assets beneficially owned by a client that the firm holds, or arranges to be held, in the course of its business. Client money is money of any currency that the firm receives or holds for a client, including money in transit for settlement, income received on client assets and money held in escrow. Money a client has paid as a fee, or that the firm has become entitled to under an agreement, ceases to be client money once the entitlement has crystallised and been invoiced.

A custodian is a partner institution approved under the Third-Party Risk and Outsourcing policy to hold client assets. The firm uses four principal custodians, two prime brokers and a network of sub-custodians in 14 markets. A designated client account is a bank account in the name of an IGUAKO Capital entity, titled so that it is identified as holding client money, in respect of which the bank has acknowledged in writing that it has no right of set-off against the firm's own liabilities.

A shortfall is any difference between the assets or money the firm's records say it holds for clients and the amount the custodian or bank confirms holding. A shortfall exists on the day it is identified regardless of its cause and regardless of whether the difference is expected to reverse.

3. Principles

Client assets are segregated from the firm's assets at every level: at the custodian, in the firm's ledgers and in the firm's reporting. The firm does not use client assets for its own account, does not lend, pledge or rehypothecate them, and does not accept a right of set-off or lien over client assets except for charges properly due from the client in respect of those assets.

The firm reconciles its own records to the records of every custodian and bank on a fixed cycle and treats an unexplained difference as a shortfall until it has been explained. Where a shortfall is confirmed, the firm funds it from its own resources on the day of confirmation and investigates afterwards. The investigation never delays the funding.

Clients are told where their assets are held, under what arrangement, and what protection applies. Any change of custodian for a client's assets is notified in writing at least 30 days before it takes effect, except where a custodian's failure requires an immediate transfer, in which case the client is told within one business day.

4. Requirements

Client securities are held in an account at an approved custodian in the client's name, or in an omnibus account in the name of the IGUAKO Capital entity that is identified as a client account and supported by a register showing each client's entitlement. Omnibus holdings are permitted only where the market does not support individual accounts, and the register is updated on the day of every movement.

Client money is paid into a designated client account on the day of receipt, or the next business day if received after the local cut-off. A bank holding a designated client account must have confirmed the account's status in writing before any money is deposited, and the acknowledgement is renewed every three years and whenever the account's title changes. The firm does not hold client money in an account in its own general name for any period.

Internal reconciliations of client money are performed every business day. External reconciliations of client money to bank statements are performed every business day, and of client securities to custodian records at least weekly, with a full position-by-position reconciliation at each month end. A difference is investigated on the day it is identified and resolved within two business days; a difference not resolved within five business days is reported to the Chief Financial Officer and the Head of Client Assets Oversight.

Every custodian is subject to due diligence before appointment and to an annual review of its financial standing, regulatory status, insurance, sub-custody network and the terms of its agreement with the firm. The review is documented and approved by the Risk & Valuation Committee. A custodian whose standing falls below the criteria is placed on watch, and client assets are moved within 90 days unless the standing recovers.

- Client money deposited into a designated account on the day of receipt or the next business day.
- Internal client money reconciliation: every business day.
- External client money reconciliation to bank statements: every business day.
- External client securities reconciliation to custodian records: weekly, and in full at month end.
- Differences resolved within two business days and escalated at five.
- Bank acknowledgement letters renewed every three years.
- Custodian review: annual, approved by the Risk & Valuation Committee; 90-day watch rule.

5. Roles and responsibilities

The Head of Client Assets Oversight owns this policy, approves the list of designated accounts and custodians, reviews every reconciliation exception report, and reports monthly to the Chief Financial Officer and quarterly to the Risk & Valuation Committee. The role sits in the finance function in George Town and has no client-facing or trading responsibility.

Each booking centre has a named client assets officer who performs or supervises the reconciliations, holds the bank acknowledgement letters, keeps the client entitlement register and signs a monthly attestation that the reconciliations were completed and the differences resolved. The Chief Financial Officer signs a quarterly attestation to the Audit Committee covering every booking centre.

Relationship managers may not instruct the movement of client money or assets except under a written client instruction or a mandate, and never to an account not previously verified as belonging to the client. Payment instructions are executed by the operations team under dual control, and an instruction above US$1 million requires a call-back to the client on a number held on file before release.

6. Monitoring and reporting

The oversight function reviews every reconciliation exception report daily and maintains an exception log showing the date identified, the amount, the cause, the date resolved and whether the firm funded a shortfall. At 30 June 2026 the log showed 41 exceptions in the preceding twelve months, none open past five business days, with a largest single difference of US$212,000, resolved in one day and caused by a custodian's late booking of a corporate action.

The Risk & Valuation Committee receives quarterly the exception log summary, the custodian review status, the list of designated accounts and any change proposed. The Audit Committee receives an annual assurance report from the external auditor on the firm's client asset arrangements, and Internal Audit tests the reconciliations and the entitlement registers every year.

Each client receives a statement at least quarterly showing the assets held, the custodian and the account type. The statement is generated from the entitlement register, not from the coverage team's own records, so that a client sees what the firm has reconciled rather than what the firm believes.

7. Breaches

A breach is any client money held outside a designated account, any client asset held with an unapproved custodian, any reconciliation not performed on its cycle, any difference not investigated on the day identified, and any use of client assets for the firm's own purposes. Breaches are recorded in the compliance breach log and reported to the Head of Client Assets Oversight within one business day.

A breach that results in a shortfall is funded from the firm's resources on the day it is confirmed. Where a breach has affected a client, the client is told in writing within five business days, including what happened and what has been done. A breach that shows a control has failed is reported to the Risk & Valuation Committee at its next meeting and to the local regulator where the local regime requires it.

In the year to 30 June 2026 the firm recorded one breach: a client money receipt of US$48,000 in Nassau credited to a transaction account for one business day past the cut-off before being moved. No client was disadvantaged, the transaction account was closed and the receipt path was changed so that the designated account is the only destination the bank will accept.

8. Review

The Head of Client Assets Oversight reviews this policy annually, and in addition whenever a new booking centre opens, a custodian is appointed or removed, or a jurisdiction changes its client asset requirements. The review is approved by the Risk & Valuation Committee and noted by the Audit Committee together with the external auditor's assurance report.

The policy was first issued in November 2022 when the Nassau booking centre opened. Version 2.4, approved in November 2025, extended the daily external cash reconciliation to every booking centre and added the 90-day custodian watch rule. The next review, due November 2026, will consider the arrangements for the Caribbean treasury hub under the 2026 phase of Programme Latitude.

Key controls

- Designated client accounts with written bank acknowledgement, renewed every three years.
- Daily internal and external client money reconciliations; weekly and month-end securities reconciliations.
- Exception log with two-day resolution and five-day escalation to the Chief Financial Officer.
- Same-day funding of any confirmed shortfall from the firm's own resources.
- Annual custodian review approved by the Risk & Valuation Committee, with a 90-day watch rule.
- Monthly booking-centre attestation and quarterly Chief Financial Officer attestation to the Audit Committee.
- Client statements generated from the reconciled entitlement register.
- Annual external assurance report and Internal Audit testing.

Related policies

- Third-Party Risk and Outsourcing (IGC-DT-006)
- Records Management and Retention (IGC-DT-003)
- Fair Treatment of Clients (IGC-CC-006)
- Operational Resilience (IGC-GR-003)