

**Comments by Wealth Options Limited to the specific questions raised in CP 71**

Q1. Do you agree that the Client Asset Core Principles encompass the key fundamental principles in protecting and safeguarding client assets? If not, please explain why.

**Yes, however we do not feel that clients understand the significance of the current warnings where assets are held outside the client asset protection regime and these warning may need to be reworded.**

Q2. Do you agree with the proposed wider scope in respect of 'client funds'? If not, please explain why.

**No. We feel that if a client is investing in a non-regulated product then under no circumstances should the money for that investment go near a client asset account. In our opinion it may confuse the client, where initially the money sits in a client asset account and is subject to the client asset protection regime and then once it is invested in a non-regulated product it falls outside the client asset protection regime. We feel that if the client is investing in a non-regulated product then from the moment that decision is made then the client must be made aware that the client asset protection regime does not apply.**

Q3. Do you agree with the approach proposed to deal with instances where client funds are received but the firm has not identified the client or the necessary client paperwork is not complete? If not, please explain why.

**Yes**

Q4. Do you agree that the Regulations should apply to funds that have been lodged into a Collection Account? If not, please explain why.

**Not applicable to us**

Q5. Do you agree for the purpose of segregating client assets and determining which clients are impacted if a third party fails, a firm should be able to identify where each individual client's assets are held? If not please explain why.

**Yes**

Q6. Do you agree that a client's required margin should be better protected under the client asset regime? If not, please explain why. If you agree, please outline how this could be best achieved.

**Yes**

Q7. Do you agree that the records should be retained for six years? If not please explain why.

**Yes**

Q8. Do you agree with the new approach proposed in respect of Facilities Letters and Confirmations? If not please explain why.

**Yes**

Q9. Do you agree that in the interest of protecting client assets, where a third party has not designated a client asset account/Collection Account as requested by the firm, these client assets should be withdrawn from the third party without delay? If not, please explain why.

**Yes but if the correct procedures outlined above are followed this should never happen**

Q10. Do you agree with the approach for reconciling client asset accounts that hold client funds? If not please explain why. If there are other types of accounts that do not readily conform to the frequency of reconciliations cited above, please provide details of same.

**Yes**

Q11. Do you agree that client financial instruments should be reconciled at least monthly or should the Client Asset Regulations and Guidance 29 reconciliation be performed in a lesser time period? If so, please explain why.

**Yes, monthly**

Q12. Do you agree with the time allocation of ten days to complete these reconciliations or should it be performed in a lesser time period? If so, please explain why.

**Yes**

Q13 Do you agree that an investment firm should immediately make good or provide the equivalent of any shortfall in client financial instruments? If not, please explain why.

**Yes**

Q14. Do you agree that a Collection Account should be reconciled each time a transaction occurs on that account? If not, please explain why.

**Not applicable to us**

Q15. Do you agree that it is appropriate for a firm to report material reconciling items with the level of materiality determined by the firm? If not, please explain why.

**Yes**

Q16. Do you agree with the components of an investment firm's Client Money Requirement and Client Money Resource? If not, please explain why.

**Yes**

Q17. Do you agree with the Central Bank's approach to the computation of the Client Money Requirement and Client Money Resource for FSPs? If not, please explain why.

**Not applicable to us**

Q18. Do you agree that a firm's Client Money Resource should only contain what it is required to hold for its clients on a given day? If not, please explain why.

**Yes**

Q19. Do you agree that the reporting of an investment firm's Client Money Resource shortfall should be investment firm specific based on its materiality appetite? If not please explain why.

**Yes**

Q20. Do you agree that a statement should be provided on an annual basis or should it provided on a more regular basis?

**Yes**

Q21. Do you agree that a) to g) above will provide clients with sufficient information regarding their holdings? If not please explain why, providing details of additional information which should be included.

**Yes as long as it is described in plain English**

Q22. Do you agree that a Fund Service Provider should issue a receipt to the client? If not, please explain why and put forward an alternative approach that will provide confirmation to a client that his/her money is deposited in a Collection Account. Client Asset Regulations and Guidance 30

**Not applicable to us**

Q23. Do you agree that an investment firm should seek prior written consent from its client in respect of the circumstances listed in a) to h) above? If not please explain why, providing details of additional circumstances which should be included.

**No. We do not agree that it is practicable or sensible to obtain blanket consent prior to "first" receiving client assets however if any of the events in (a) to (h) were to occur then prior client consent should be obtained.**

Q24. Do you agree that a FSP should obtain prior written consent from a client in respect of the circumstances listed in a) to c) above and with the medium used to obtain this consent? If not please explain why, providing details of additional circumstances which should be included.

**Not applicable to us**

Q25. Do you agree that the CAKID will better inform the client with a greater understanding providing information in clear plain English that will equip the client to comprehend where and how his/her assets are held when deposited with a firm? If not please explain why.

**Yes however the regulations need to take into consideration the scenario where the assets are held by a product producer where the client is not a direct client of that product producer. In this case the intermediary who introduced that case to the product producer must ensure that the client is provided with the CAKID in advance of the sale of the product. To assist with this maybe the CAKID should not be a separate document but should form part of the account/product opening documentation and the declaration that the client signs could refer to the fact that the CAKID has been sighted and understood.**

Q26. Do you agree with the need to provide the CAKID to both existing and new clients distinguishing clients of an investment firm and a Fund Service Provider as outlined above? If not please explain why.

**No we don't think it is necessary to provide the CAKID to existing clients however if the consensus view is that should be then then we would suggest that it forms part of the annual statement to cut down on costs.**

Q27. Do you agree with appointing a person to the role of CAOR which will be a pre-approved controlled function? If not, please explain why?

**Yes**

Q28. Do you agree with the responsibilities of the Client Asset Oversight Officer as provided for in a) to g) above? If not, please explain why, providing details of additional responsibilities which should be included.

**Yes**

Q29. Do you agree with the purpose of the CAMP and the minimum that should be included in this document? If not, please explain why, providing details of additional records which should be included.

**Yes**

Q30. Do you agree that Regulation 8.(3) provides for what should be included in a CAE? If not please explain why.

**Yes**

Q31. Should this review be carried out more frequent than annually? If so, please explain why.

**No**

Q32. Do you agree with the type of assessment that should be carried out on the firm's initial CAMP by an independent external expert?

**No. The additional cost burden of this is unnecessary. It should be up the Firm's senior management to develop it's CAMP and ensure that it adequately reflects the Firm's responsibilities with Board supervision. If we go down this road then all the Firm's policies could be subject to an outside expert for review and the costs would be unbearable for some Firms. Whilst we accept that client asset protection is paramount to the reputation of the industry who is to say that the Firm's risk policy for example is not as equally important as the CAMP.**

Q33. Do you agree that 3 months is sufficient time for a firm to obtain an assessment of the CAMP from an independent external expert? If not, please explain why.

**No see above**