



Corpay[^]

Client Assurances

Corpay understands that the security of our customers' funds is a vital component of our relationship with every customer, as well as our regulators. At Corpay we always ensure to meet the highest of regulatory standards in protecting any money you have entrusted us with.

Firms which are authorised and regulated in their respective countries must ensure compliance with all applicable legislation, codes, guidelines and obligations on an ongoing basis. The markets in financial instruments directive ("MiFID") is a set of legislation and rules relating to firms that provide services to clients linked with financial instruments. Cambridge Mercantile Risk Management (UK) Ltd is authorised by the Financial Conduct Authority in the United Kingdom as an Investment Firm under the UK MiFID Framework. AFEX Markets Europe Limited is authorised by the Central Bank of Ireland (CBI) as an Investment Firm under the EU MiFID Framework; this authorisation covers the entirety of the EU, including locally approved branch locations in Spain and Italy.

Both the Client Assets Sourcebook (CASS) in the United Kingdom and Client Asset Regulations (CAR) in Ireland stipulate that MiFID Investment Firms must have appropriate and well-managed Client Asset arrangements to ensure customer funds are not subject to any undue claim and that in the event of insolvency, are returned to the customer in full, and in a timely and orderly way.

We have prepared this document for our clients to review and consider before placing any money in the form of client funds with us in order to;

- I. explain certain key features of the relevant Regulations;
- II. provide you with information on our arrangements for safeguarding your client assets; and
- III. set out key risks relating to your client assets.



Purpose and methodology of Client Asset segregation

Corpay is obliged to put in place certain safeguards to help ensure that clients' assets are protected. Corpay is required to;

- hold client assets separate to our own assets which we do through depositing client funds in client asset accounts with a credit institution which have been appropriately segregated in accordance with the relevant Regulations;
- obtain acknowledgement from the credit institution that the client funds in the client asset accounts belong to our clients and not us;
- maintain accurate records of each client's entitlement to client funds and conduct daily reconciliations of our internal records against those of the credit institution; ensure what we are holding is the correct level of client funds on a daily basis;
- inform you through our terms of business of our arrangements and where relevant obtain consent to the manner in which your assets are held;
- have and apply appropriate risk management processes and systems, including documented policies and procedures to ensure that we are effectively safeguarding your assets;
- carry out counterparty due diligence;
- carry out an annual client asset examination by the firm's external auditors, the results of which must be reported to our regulators.



What are Client Assets?

Client assets include;

- Client Funds: Any money, to which you are beneficially entitled, which we have received from you or on your behalf. It includes bank transfers paid to us. We do not accept or process any cheques or payable orders such as bank drafts.
- Mark to Market: Mark to market is the unrealised market movement on open positions which have not yet expired. This will be the movement between the exchange rate and the actual closing rate at the end of each business day which is calculated on the notional value of the open trade.



The circumstances in which CASS/CAR applies and does not apply

Do apply:

- To money belonging to you and received by us in respect of activities which are regulated financial services. This would apply, for example, to initial and variation margin you place with us in accordance with the terms of business to open and maintain a position in FX derivatives (such as options) which are in scope of the MiFID Regulations ("MiFID transaction").
- Once a bank transfer is received by us except where it is payable to a third party and transmitted by Corpay to that party.
- To the proceeds of a deal in a MiFID transaction owing to you following the settlement of that transaction until such time as we complete the payment of those proceeds to you or your agreed third-party beneficiary.
- Mark to market on open trades. Mark to market will be the movement in exchange rate between the agreed fx rate at the inception of the trade compared to the actual rate at the end of each business day. This movement in rate is applied to the notional value of the trade to calculate the mark to market movement which is unrealised but must be captured in the client money calculation.

Do not apply:

- when your funds have been received by us in respect of activities which are not regulated financial services under the Regulations.
- where funds are transferred to us or are appropriated by us in accordance with the agreed terms of business to discharge your liability to us (for example where you default on your obligation to settle a transaction with us we will appropriate margin we hold as client funds to the extent required to discharge your liability without prejudice to our other rights under the terms of business).
- where we have completed a payment of the client funds to you or a third-party beneficiary nominated by you by written instruction to us.



Who holds my client funds, and how?

Your client funds will be held in a pooled client asset deposit account or, by exception and where agreed by us, in an individually designated client asset deposit account. Under a pooled arrangement, client funds of more than one client are held in the same client asset account. The client asset account will be opened and maintained only with eligible credit institutions. The names of the credit institutions where we deposit client funds are set out below:

- Barclays Bank Ireland plc (Ireland) for customers of AFEX Markets Europe Limited;
- Barclays Bank plc (UK) for customers of Cambridge Mercantile Risk Management (UK) Ltd.

Client funds are protected by rules laid out in the relevant Regulations which include obligations relating to the segregation of client funds from the firm's own funds, accurate record keeping, regular reconciliations between the firm's records and those of the eligible credit institutions and due diligence on the credit institutions where we place client funds to ensure they are of sufficient financial strength.

Transactions in respect of the client asset account will only be undertaken based on an instruction from us and pursuant to our terms of business with you.

Corpay in selecting relevant credit institutions to hold client assets on behalf of its clients undertake an assessment, at least biannually, covering;

- I. the institution's credit standing having reference to external credit ratings (where available);
- II. known service levels for the institution (where we have past experience with the institution);
- III. what your rights would be if the relevant bank were to fail.

Once a credit institution has been selected to hold client assets a funds facilities letter confirming specified details, as set out in the Regulations, will be obtained from the institution prior to lodging any client funds with that institution.



What are the main risks or limitations to safeguarding client assets?

While obligations are imposed on firms to segregate client funds from a firm's own funds, as well as other requirements, it does not protect or guarantee the value of the client funds.

Default risk - risk that the credit institution at which client funds are held becomes insolvent or otherwise fails and defaults on its obligations.

Operational risk - risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Risk of fraud - relates to intentional deception made for personal gain or to damage another individual.

Risk of pooling - There is a risk that one client's assets will be temporarily used to fund another client's transactions; that Corpay fails to appropriately implement accounting segregation or that the pool may have a deficit.



Controls in place to mitigate risk

Corpay minimises these risks through its systems and controls including;

- undertaking due diligence and risk assessments of institutions with whom client funds are held;
- ensuring adequate oversight of client funds is maintained through documented procedures and controls to minimise the risk of loss for clients;
- undertaking daily reconciliations of our records and the records of client funds with the credit institution and daily calculations of the client money held for clients as per our records with the client money resource that should be held with the credit institution;
- ensuring that we have adequate controls on who can authorise payments from the client asset accounts;
- Corpay is required to engage external auditors to examine the firm's compliance with the relevant Regulations on an annual basis. After the completion of the audit, the external auditor must report its findings to both Corpay and our regulators;
- As a regulated entity, we are subject to close scrutiny and review by our regulators to ensure that we have met our regulatory requirements, including detailed requirements in place with regard to the safeguarding of client assets. To help facilitate this oversight we are required to submit regular reports that relate specifically to client assets.

Clients should be aware that the information set out in this document in relation to the application of client asset regulations by Corpay, when it applies and how client assets are determined and dealt with by Corpay, is not exhaustive. In the event that you have any questions please do not hesitate to call your normal Corpay contact.

Corpay[^]

Corpay.com

"Cambridge Global Payments" and "AFEX" are trading names that may be used for the international payment solutions and risk management solutions provided by certain affiliated entities using the brand "Corpay". International payment solutions are provided in Australia through Cambridge Mercantile (Australia) Pty. Ltd.; in Canada through Cambridge Mercantile Corp.; in the United Kingdom through Cambridge Mercantile Corp. (UK) Ltd.; in Ireland and the European Economic Area on a cross-border basis through Associated Foreign Exchange Ireland Ltd.; in Jersey and the Channel Islands through AFEX Offshore Ltd.; in Singapore through Associated Foreign Exchange (Singapore) Pte. Ltd. and in the United States through Cambridge Mercantile Corp. (U.S.A.). Risk management solutions are provided in in Australia through Cambridge Mercantile (Australia) Pty. Ltd.; in Canada through Cambridge Mercantile Corp.; in the United Kingdom through Cambridge Mercantile Risk Management (UK) Ltd.; in Ireland and the European Economic Area on a cross-border basis through AFEX Markets Europe Ltd.; in Jersey and the Channel Islands through AFEX Offshore Ltd.; in Singapore through Associated Foreign Exchange (Singapore) Pte. Ltd. and in the United States through Cambridge Mercantile Corp. (U.S.A.). Please refer to <http://cross-border.corpay.com/brochure-disclaimers> for important terms and information regarding this brochure.