

# BEMO Europe Safeguarding of Client's Assets Policy

---

Publication Date: April 2024

## Table of Contents

<b>1</b>	<b>INTRODUCTION</b> .....	<b>3</b>
<b>2</b>	<b>LEGAL FRAMEWORK</b> .....	<b>3</b>
<b>3</b>	<b>SCOPE</b> .....	<b>3</b>
<b>4</b>	<b>SAFEGUARDS AND MEASURES IMPLEMENTED</b> .....	<b>4</b>
4.1	Segregation between Client Assets and funds and assets belonging to the Bank .....	4
4.2	Designation and Registration .....	4
4.3	Reconciliation .....	5
4.4	Sub-custodian .....	5
4.5	Use of Client Assets .....	6
4.6	Safekeeping Officer .....	6
4.7	Monitoring and reporting process .....	6
4.8	Annual audit .....	7
<b>5</b>	<b>REVIEW AND OWNERSHIP</b> .....	<b>7</b>
	<b>APPENDIX A - SAFEGUARDING REQUIREMENTS AS PER DELEGATED DIRECTIVE (EU) 2017/593</b> .....	<b>8</b>

## 1 Introduction

BEMO EUROPE BANQUE PRIVÉE (hereafter referred as “BEMO” or the “Bank”), is a public limited company governed by the law of the Grand-Duchy of Luxembourg. It is registered with the Registre de Commerce et des Sociétés de Luxembourg under number B176452, with its registered office at 26, Boulevard Royal, L-2449 Luxembourg.

The Bank is authorized by the CSSF to carry out their activities pursuant to Article 2 of the Law of 5 April 1993.

BEMO EUROPE with the agreement of the CSSF and the ACPR has a branch in France, denominated as BEMO EUROPE BANQUE PRIVÉE – Succursale de Paris (“Branch”). It is registered under RCS number 998269518 / CIB 17619 with its registered office at 63, Avenue Marceau, 75116 Paris.

The Bank has developed the current Safeguarding of Client’s Assets Policy (hereinafter referred to as “Policy”) in order to protect the client’s interests and assets and to comply with the legal requirements set forth in the directive and regulations as available in the further section.

## 2 Legal Framework

Jurisdiction	Laws, regulations, and articles
European Union	<ul style="list-style-type: none"> <li>• Directive 2014/65/EU and of the Council of 15 May 2014 on markets in financial instruments</li> <li>• Commission Delegated Directive (EU) 2017/593 of 7 April 2016</li> </ul>
Grand Duchy of Luxembourg	<ul style="list-style-type: none"> <li>• Law of 5 April 1993 on the financial sector, as amended</li> <li>• Law of 30 May 2018 on markets in financial instruments</li> <li>• Grand-Ducal Regulation of 30 May 2018 on the protection of financial instruments and funds belonging to clients</li> </ul>
France	<ul style="list-style-type: none"> <li>• Article 312-6 of the General Regulation of the AMF of 3 January 2018</li> </ul>

By application of the legal framework listed above, the Bank is committed to ensuring that the funds and financial instruments owned by its clients are properly segregated and have an optimal level of protection.

## 3 Scope

This Policy applies to financial instruments, funds, and physical assets that are received, held, controlled and entrusted to the Bank by the clients (further collectively referred to as “Client Assets”).

The Policy is applicable to the Bank as well as to the Branch, and also to its tied agent under an outsourcing arrangement for the purpose of the provision by the Bank of investments services and activities.

The Policy is applicable to all employees, management and board members of the Bank and the Branch.

## 4 Safeguards and measures implemented

### 4.1 Segregation between Client Assets and funds and assets belonging to the Bank

The Bank and the Branch shall maintain an accounting system that enables distinguishing at any time and without delay Client Assets held for each of the clients with the funds and assets belonging to the Bank (hereinafter referred to as “Bank Assets”).

The accounting system and records must be able to produce, without undue delay, an accurate record of the Client Assets held by the Bank and the Branch for each client and demonstrate the total balance for each client and designate internal bank accounts used to hold Bank Assets sufficiently different from accounts used to hold Client Assets.

Where the Bank deposits client assets in omnibus account, accounting segregation must be maintained, and accurate and detailed internal records must be maintained to enable identification of Client Assets belonging to each individual client and their respective movement.

The Bank shall maintain segregation of assets within Nostro account wherein the account used by the Bank for its income and expenses is identified separately from the account used to hold Client Assets.

The bank will review, prior to the opening of the omnibus accounts, that the following requirements are met:

- a) There exists a total separation between the Banks Assets and the Client Assets;
- b) There exists procedures implemented with the aim to ensure the segregation of Client Assets;
- c) That at the begin of the commercial relation with the Client, the Bank has informed the Client about the possibility that the Bank operates across omnibus or global accounts, and of the inherent risks associated.

The criteria defined for outsourcing this function in the Bank are contained in the Bank’s Outsourcing Policy and the present Policy for new provisions applicable specifically for the purposes of the latter.

### 4.2 Designation and Registration

The Bank and the Branch shall maintain a complete and accurate internal records of Client Assets at all times. Such records must clearly identify the assets and the client(s) who exercise ownership rights over the assets. The records must be made accessible to the relevant parties without undue delay. The information disclosed in the records of Client Assets shall be updated regularly and with a sufficient periodicity in order to use such information in the reports of audit.

The Bank has internal records of the global or omnibus accounts, which disclose all the clients by account and risk on behalf of which the Bank carries out operations through this type of accounts. In addition, the Bank has an account open that includes the financial instruments negotiated for its own portfolio.

In the event of the Client's Assets are deposited with sub-custodian, the Bank shall guarantee that it can be distinguished from the assets of the sub-custodian and from the Institution's own funds, and guarantee that Client's Assets are booked by the sub-custodian in a separate account or accounts from those used to book the Institution's own funds. The Bank shall ask the sub-custodian to use an account naming convention that differs from what is used for its own books, and where it is not possible, it shall ask it to take similar measures to those taken by the Bank to reconcile the records.

#### 4.3 Reconciliation

The Bank and the Branch shall perform regular internal and external reconciliations of the Client Assets held to ensure that the internal records of the Client Assets are complete, accurate and up to date. The records of such reconciliations must be properly documented, signed by relevant personnel and retained to provide for an audit trail. Operation department shall be responsible for performing the reconciliations.

For Clients Assets held by a sub-custodian, the Bank shall perform reconciliation, on a weekly basis for the balances, on a monthly basis for Assets, on an annual basis for physical shares and other instruments (precious metals, certificates, etc...)

Where a discrepancy is identified as a result of the reconciliation performed, the Bank and, where applicable, the Branch, shall investigate the origin of the discrepancy. All investigations performed must be properly documented and retained for future access.

#### 4.4 Sub-custodian

The legal framework allows the Bank to deposit the Assets which they hold on account of their clients, in accounts open with a third party, on the condition that the Bank acts with due competence, attention and diligence in the selection, designation and periodic review of said third party (Sub-custodian).

The Bank will periodically select and evaluate its sub-custodian(s), in order to ensure that it continues to satisfy the criteria leading to its selection. This review will be carried out by the Treasury Department.

When selecting sub-custodians, the Bank and in particular the Treasury Department will exercise due skill, care, diligence and shall comply with the Outsourcing Policy as well as take into account the following factors:

- Reputation of the sub-custodian;
- The market requirements and practices regarding the holding of said assets that may adversely affect the client and his/her/its rights;
- The internal procedures to safeguard financial instruments in place at the potential sub-custodian. These procedures must not conflict with those of the Bank and the sub-custodian must provide the Bank with timely notification of any change or modification.
- Not depositing client financial instruments in companies from third countries that are not subject to specific regulations and supervision in that country as regards to holding and custody of financial instruments.

- Not depositing financial instruments in countries that do not regulate the safeguarding of financial instruments on behalf of others, except where the nature of the instruments is such that it has to be deposited with that third party, or where a professional client expressly requests so in writing.
- Cost and commissions.

The agreement with the sub-custodian must contain an express representation that the latter has clearly identified client records and accounts, separate from the Bank's positions and those of the sub-custodian.

The sub-custodian shall be chosen by the Authorised Management on the basis of an assessment submitted to it by the Treasury Department with the assistance of any relevant function (Compliance, Operations, Business...).

#### 4.5 Use of Client Assets

The Bank and the Branch are prohibited to use Client Assets for any organisational purposes.

#### 4.6 Safekeeping Officer

To ensure protection and safeguarding of Client Assets at all times and to ensure compliance with the Delegated Directive (EU) 2017/593, the Bank shall appoint a Safekeeping Officer who will retain the overall responsibility for the safeguarding of Client Assets.

A Safekeeping Officer shall possess sufficient knowledge, skills, competency and authority to discharge duties effectively and without impediment, including the duty to report to the Bank's senior management in regard to the oversight of the effectiveness of the Bank's compliance with the safeguarding of client assets requirements.

Safekeeping Officer may also carry out other duties in the Bank, provided that other activities do not create a conflict of interest or the appearance of the conflict of interest.

The role of the Safekeeping Officer shall be carried out by the Head of Operation who reports to the Deputy CEO responsible of the Operation Department.

#### 4.7 Monitoring and reporting process

Compliance with the safekeeping requirements by the Bank shall be monitored based on the Safekeeping Reports prepared by the Bank and the Branch.

The Safekeeping Report shall be completed, in the ordinary course of business, at least annually. Where deficiencies were identified in the prior Safekeeping Report, the senior management may request to prepare additional Safekeeping Reports in order to identify whether previously identified deficiencies were corrected, verify the corrective actions taken and whether the corrective actions have been implemented within the period prescribed by the senior management.

The Safekeeping Report shall cover the following:

- Executive summary with the conclusion on the compliance with the safeguarding requirements (please refer to the Appendix A for the list of safeguarding requirements)
- General presentation of current safeguarding activities implemented at all levels
- Description of the governance framework, including the current Safekeeping Officer and sources of information used
- Detailed compliance review on the safeguarding requirements with the description of the process and control environment.

The Safekeeping Officer shall be ultimately responsible for the Safekeeping Report, including independent verification of the information contained in the report and timely submission of the Safekeeping Report to the senior management.

Prior to the final submission of the Safekeeping Report, the Safekeeping Officer shall collect feedback from Compliance and Internal Audit function in regard to possible observations and input.

#### 4.8 Annual audit

The Bank shall organise annual audit, performed by independent external auditors, in order to assess the state of compliance of the Bank with the rules prescribed by the relevant legislation in respect of the safeguarding of assets.

Particularly, the audit must assess the adequacy of organisational arrangements in relation to the safeguarding of assets and the effectiveness of such arrangements.

The Bank shall ensure that the auditors possess the appropriate knowledge, skills, and experience in relation to the relevant safeguarding legislation, as well as the knowledge of the Bank, activities it performs and controls related to the safeguarding of assets.

The Bank shall ensure that all information relevant to the performance of the audit is available without undue delay.

The internal audit department of the bank, should also conduct as part of its audit plan a review of compliance with the regulatory requirements and application of this policy related to the safeguarding of assets.

## 5 Review and ownership

This Policy shall be reviewed when deemed necessary due to changes in the Bank's organisation or procedures, or after relevant changes to the regulatory framework occur.

The Safekeeping Officer shall be the owner of this Policy.

## Appendix A - Safeguarding requirements as per Delegated Directive (EU) 2017/593

The records must distinguish the assets of a client from assets of other clients and from financial institution's assets (Article 2, Sub-article 1 (a,b))

If the assets are deposited with third parties, they must be identifiable separately from the investment firm's assets. (Article 2, Sub-article 1 (d))

If the applicable law of a third-country prevents the segregation of assets at the level of third parties, equivalent measures must be set up and the client must be informed. (Article 2, Sub-article 3)

Records must be accurate. Systems and controls for maintaining accurate and up-to-date records of clients' asset holdings including information specifying the amount, location and ownership status of client assets must be set up. (Article 2, Sub-article 5)

Reconciliations between internal accounts and third parties accounts must be performed. (Article 2, Sub-article 2 (C))

The external auditors must report at least annually to its competent authority on the adequacy of the investment firm's arrangements with regard to safeguarding requirements (Article 8)

Due diligence must be performed in the selection, appointment and periodic review of the third party (Article 4 and Point 11)

Only regulated third parties (Sub-custodians) in jurisdictions which regulated safekeeping activities must be used unless the nature of the financial instruments require otherwise. (Article 3)

Inappropriate security interests, liens and rights of set-off on client assets at the level of third parties are not permitted unless imposed by third country laws. In such case, the Safekeeping Officer must ensure that clients are informed and this is reflected in the client agreement (Point 14)

An investment firm which deposits client funds with a third party of the same group must limit the funds deposited with any group entity to 20% of all funds (Delegated Directive (Article 4, Sub-article 3)

In order to use the financial instrument of a client, the investment firm must obtain the client consent on specified terms, in writing and executed by signature for all client categories. (Article 5, Sub-articles 1 and 2)

Appropriate measures must be implemented to prevent unauthorised use of client financial instruments (Article 5, Sub-articles 3)

The use of Title Transfer Collateral Arrangement ("TTCA") for retail clients is prohibited and the use of TTCA for non-retail clients is limited. In case of use of TTCAs for non-retail clients, the investment firm must document the appropriateness of the use of TTCA and must inform the client of the risk and effects of TTCA. (Article 6)

Financial institutions shall appoint a single officer with specific responsibility for matters relating to compliance with the obligations regarding the safeguarding of clients financial instruments and funds (Article 7)