

INFORMATION FOR INTRODUCERS OF BUSINESS



INTRODUCTION

Once we have completed with you the Introducer Agreement you have entered with CS Investment Managers, it is anticipated that you will introduce clients to us for the purpose of providing to them investment management and investment advice services. These 'Services' will be provided by us in accordance with the Client Agreement your clients will enter into with us.

Your firm will be allocated a unique introducer code which will facilitate the separation of reporting on activity related solely to your clients.

As you know, we are specialists in discretionary investment management and advice. We do not offer financial planning or tax advice, which we leave to professional advisers such as yourselves.

We will appoint third party administration and custodian service providers to assist in the performance of our obligations under the Client Agreement. These service providers will issue their own separate terms of business by which your clients will be bound. Accounts will be opened in your clients' names to enable the service providers to carry out their responsibilities to your clients.

We do not hold client monies, which are all deposited securely with the custodian, and all investments are held by them – subject to the standard regulatory valuations and custody reporting.

YOUR STATUS

Please note that Introducers must be authorised by the FCA unless they qualify for an exemption under Article 33 of The Financial Services and Markets Act (Regulated Activities Order) 2001. Article 33 states that an Introducer who is not regulated by the FCA can refer clients to an authorised person, (i.e. an accountant or solicitor who is not FCA authorised can refer clients to you). The conditions are that the authorised person (i.e. an investment manager of CS Investment Managers) must be providing investment advice and discretionary services, not execution only. Most importantly, the exempt Introducer must step out of the

relationship once the introduction has been made and cannot provide any type of investment advice directly to the client. Where the Introducer is an accountant, that Introducer can continue to provide tax assistance on historic transactions and general tax advice on transactions that may be conducted.

*Note on Appointed Representatives

We are unable to set up agreements with Appointed Representatives, as the Introducer Agreement must be with the principal firm authorised with the FCA directly. The principal firm is the FCA Authorised Person, with the relevant permissions to contract appointed representatives to exempt them from requiring to be individually authorised. In doing so, the principal firm takes regulatory responsibility for the actions of its appointed representatives therefore requiring the agreement to be completed by them. The Introducer Agreement must be signed by an authorised signatory of the principal firm. Appointed Representatives may receive a copy of the Introducer Agreement if required.

PAYMENT OF YOUR FEES AND CHARGES

Please note that, since the FCA Retail Distribution Review (RDR) rules were introduced, Introducers of Business must be paid separately from our fees by the client. We refer to this as the Adviser Charge. We can facilitate this payment only upon receipt of a valid signed written instruction from your client authorising payment directly from the portfolio. We will provide the necessary form for you which will then be actioned by the third party administration provider.

Exception: regulations do not permit Introducer Fees to be taken from Offshore Portfolio Bond Accounts. Fees can be taken from an alternative charging account, if any, but this needs to be clearly instructed on the Introducer Authority Form.

Note: Some introducing firms may require two unique introducing codes based on their fees arrangements – should some clients introduced have VAT applied and others not, a secondary code will be required to segregate those clients. In these cases, please ensure the Introducer Authority Form is completed accurately based on VAT status.

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In order to facilitate the payment of the ongoing adviser charge to you from the client account, it is expected under the regulatory regime that you are able to demonstrate that you are enhancing the quality of the service to the client on an ongoing basis.

The annual review referred to below should evidence how this requirement is being met. Examples of how you may enhance the quality of service to the client include, but are not limited to:

- Acting as the primary point of contact for the client's investment portfolio
- Obtaining up-to-date relevant Know Your Client ('KYC') information on a regular basis and providing it to CS Investment Managers
- Assisting the client with the completion of our documentation
- Working with CS Investment Managers to provide ongoing relationship management to the client (e.g. participating in investment review meetings)

PREVENTION OF FINANCIAL CRIME

The primary objective of CS Investment Managers is to build a highly professional and reputable business, and to deliver this standard of service to our Introducers – at the same time as ensuring truly fair treatment of all our clients. This can only be achieved through adherence to consistently high standards of integrity, ethics and personal conduct by all members of our teams.

As a result, we have put a number of organisational and technological measures in place, which include our Policies & Procedures on Anti-Money Laundering and Terrorist Financing, IT Security, Data Protection, and Bribery including Gifts & Inducements. These are designed to protect your business and ours and, in particular, the interests of our mutual clients. We may either at the pre Introducer sign up stage or at any subsequent review, ask for confirmation that similar measures are effected by our Introducers.

Please refer to the Introducer Terms & Conditions and our Privacy Policy for further details.

ROLES AND RESPONSIBILITIES

When accepting introductions from you, it is important to consider who has the responsibility for fulfilling regulatory KYC and Suitability requirements.

- In the case of an exempt Introducer, e.g. an accountant or solicitor, CS Investment Managers is solely responsible for the collection of KYC information, the completion of the Strategy Assessment, and the assessment of suitability.
- In the case of Introducers who are authorised by their firm to carry out the CF30 Customer Function, CS Investment Managers may rely on KYC information gathered by the Introducer if confirmed in writing. Otherwise, we must collect the KYC information directly from the client. The Introducer may also complete the Client Investment Profile (CIP) with the client, **but there are no circumstances in which we delegate the assessment of suitability to the Introducer.** It is our responsibility, therefore, to ensure that they have obtained sufficient information on which to base that assessment.
- Moreover, we are also responsible for assessing whether the FCA-authorised Introducer is competent to provide the information. Further information about suitability is available on request.
- It is our responsibility, on at least an annual basis, to conduct a documented review of our relationship with you as the Introducer. The purpose of this review is to confirm that any FCA authorised Introducers remain authorised to conduct investment business, that the Introducer continues to service all clients and that there have been no issues regarding the fitness and propriety or regulatory status of the Introducer.

TERMINATION OF AN INTRODUCER AGREEMENT

From time to time either CS Investment Managers or an Introducer may need to terminate an arrangement. The Introducer Terms of Business state that either party may terminate the Agreement by giving not less than **30 days** written notice at any time, to the other, unless there is a breach of the Terms in which case notice can be shorter. No payments will be facilitated after termination of the Agreement.



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TRANSFERS OF AGENCY

In the event of a change in structure, acquisition or some other corporate event affecting either party, we will act on this after the new firm has signed an Introducer Agreement and that the relevant client(s) has signed a new Introducer Authority Form. Please note that we also need to receive a letter from the new firm informing us of the transfer and accepting any liabilities and indemnities relevant to the servicing rights being transferred, and a letter from the old firm agreeing to the transfer. The letters must be originals on company letterhead. The Introducer on record on the day the fees are run will receive any payment relevant to that calendar quarter.

INTRODUCERS CHANGING FIRMS

If an Introducer transfers to another firm and wishes the right to any payment under an Introducer Agreement to transfer to his new firm, we will require a new Introducer Authority Form signed by the relevant client(s) requesting us to transfer the payment rights to the new firm. The third party administration service providers cannot action this request unless and until the new firm enters into an Introducer Agreement with CS Investment Managers. The Introducer on record on the day the fees are run will receive any payment relevant to that calendar quarter.

ISA SUBSCRIPTION REPORT - AVAILABLE TO YOU

The third party administration service providers will make available to you on request the ISA Subscription Report. It is designed to help you determine which of your clients have not fully subscribed to their ISA account. Features of our new ISA subscription report include:

- You will be able to pull the report as often as you like, which means that you have current information leading up to the end of the tax year.
- The report is refreshed weekly and an 'as of' date is clearly reflected in the report.
- This report also includes any ISAs that have transferred in from another counterparty.

To obtain access to this report, you will need to have an Investor Access account created – please contact if you wish this arranged.

ELECTRONIC AML - AVAILABLE TO INTRODUCERS

We can arrange with the third party administration service providers to give you access to Electronic AML on their online portal. Electronic AML can be accessed through the "My Clients" section under the Portal account which we will arrange for you to open for you. The system is ring-fenced to your particular firm's allocated introducer code.

The system is available to Introducers immediately after the documentation required by the third party administration service providers has been signed. In addition, there is a consent form available should you be running the checks prior to the client signing the account opening paperwork.

Important Note: introducers can use the above Electronic AML verification system only for clients they wish to introduce to CS Investment Managers and which, as a result, takes them on to the third party administration service providers' platform. It would be a breach of their agreement with their software provider (currently TraceSmart) for the Introducers to use the system in any way contrary to this. The third party service providers will monitor Introducer usage for this reason.

