

# CLIENT ASSETS KEY INFORMATION DOCUMENT 'CAKID'

**This document provides you with key information relating to client assets, and how those assets are protected. This document is not marketing material. The information is required by law to help you understand how your assets are held and the potential risks towards them. You are advised to read it so that you can make an informed decision about whether to invest**

AvaTrade EU Limited ("AvaTrade") is an Irish Investment firm authorised and regulated by the Central Bank of Ireland ("CBI"). The Client Asset Requirements ('CAR') form Part 6 of the Investment Firms Regulations 2023 and are the legislative rules that AvaTrade must follow in safeguarding your assets. They are designed to ensure that investment firms holding client assets have the processes and controls in place to safeguard and protect those assets.

### Client Asset Regulations

The CAR sets out the required protection to client assets which apply to firms authorised by the CBI under MiFID. The CAR is set out under seven headings which the CBI regards as the seven core Client Asset Principles of a client asset regime.

Segregation	All client assets are held separately from the firm's own assets. This includes accounting segregation and nominee arrangements.
Designation and registration	Client assets are clearly identified in the internal records of the firm. External parties are required to identify client assets as such, and to identify them as separate from the assets of the firm.
Reconciliation	Records are maintained to enable the firm to provide an accurate account of client assets held for each client. These accounts are available at any time without delay. There is a regular reconciliation of the record maintained by the firm and the records of external parties.
Daily calculation	Each business day the firm ensures that the aggregate client money held is equal to the amount that should be held on behalf of clients. The daily calculation is completed by close of business in relation to the previous business day.
Client disclosure and consent	Information is available to clients to inform them on how and where their assets are held, and the resulting risks. In addition, clients are informed when assets are held (or not held) within a protected regime.
Risk management	The firm applies systems and controls that are appropriate to identify risks in relation to client assets. Where appropriate, mitigating controls are in place to counteract the risks identified.

Examination	The client asset procedures and controls are subject to audit by the firm's external audit. In addition, the compliance function reviews the application of client asset procedures as part of the compliance monitoring programme.	
<b>What are client assets?</b>		
<p>Client assets are the funds which AvaTrade customers deposit with AvaTrade. Client assets also covers funds held by a customer with AvaTrade which are the proceeds of the closure of profitable trading positions. Therefore client assets represent the value of the equity held in a customer account with AvaTrade.</p> <p>To view Irish Statutory Instrument No. 10 of 2023 please click <a href="#">here</a></p> <p>To view The Central Bank of Ireland's Guidance on Client Asset Regulations For Investment Firms please click <a href="#">here</a></p> <p>Please note that while the purpose of the client asset regime is to regulate and safeguard the handling of client assets, it can never fully eliminate all risks relating to client assets, e.g., fraud, negligence. Furthermore the client assets regime does not relate to the increase or decrease of the value of an investment, instead it is focused on protection of the funds required to be held by investment firms equalling the value of a client's investment.</p>		
<b>Client Asset FAQ's</b>		
Where will my deposits be held?	<p>AvaTrade has opened accounts designated as Client Asset Accounts with several international banking institutions for holding its client's funds. These include:</p> <ol style="list-style-type: none"> <li>1. National Westminster Bank Plc</li> <li>2. J.P. Morgan SE - Dublin Branch</li> </ol> <p>All client funds are held in these accounts under agreements which states that these funds do not belong to AvaTrade and under no circumstances can they be used by these banking institutions to settle any amounts owed by AvaTrade.</p>	
How does Avatrade decide on the bank account in which to hold my funds?	AvaTrade only hold client funds with banks which are rated by rating agencies Moody's, S&P as B or higher.	
What happens in the event of the default of AvaTrade?	<p>In the event of Avatrade liquidation or failure, there is an additional layer of protection for retail clients, who have recourse to the Investor Compensation Company Ltd ("ICCL") which was established under the Investor Compensation Act, 1998.</p> <p>The ICCL is funded from the financial services industry and AvaTrade is a member of the ICCL. Details of the scheme are available at <a href="http://www.investorcompensation.ie">www.investorcompensation.ie</a>. Individual client accounts are protected under the ICCL for 90% of the money lost, up to a maximum of €20,000.</p>	

<b>External oversight and safeguards</b>	
<p>The controls in place within AvaTrade are subject to scrutiny and oversight by a number of external parties. The CBI monitors the firm’s client asset activity. Under the relevant regulations, the firm is required to provide information to the CBI on a monthly and annual basis.</p> <p>This information feeds into the CBI’s risk monitoring systems. In addition, the CBI may request an onsite inspection of the firms operations. These inspections are notified at short notice, so the firm is prepared at all times for this eventuality.</p> <p>AvaTrade client asset procedures and safeguarding of client assets are subject to external examination by an external auditor. This currently takes place every six months by our external auditors. The current appointed audit firm is Grant Thornton who have significant international expertise in this field.</p>	
<b>What are the main risks to safeguarding client assets?</b>	
<p><b>Counterparty Risk</b> A counterparty risk, also known as a default risk, is a risk that a counterparty will not pay what it is obligated to on a transaction pending settlement. In addition, the value of an investment may be adversely affected if it is exposed to an institution which suffers insolvency or other financial difficulties (default).</p> <p><b>Operational Risk</b> Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. For every firm, there is a risk that its people, processes and systems are imperfect, and that losses will arise from errors and ineffective operations. Risk of Fraud The risk of fraud relates to an intentional deception made for personal gain or to damage another individual which may be perpetrated internally or externally to a firm.</p> <p><b>Risk of Pooling</b> AvaTrade holds client in pooled accounts. A pooled account is one containing the assets of more than one client. There is a risk, in the event of insolvency of the credit institution, relevant party or eligible custodian that the designation of the pooled accounts as client assets may not be recognised by a liquidator or the acknowledgement of such designation will be delayed, thereby preventing or delaying AvaTrade’s ability to control your assets.</p> <p><b>Controls to Help Mitigate Against Risk</b> While a firm can never eliminate risk, MiFID firms such as AvaTrade which are subject to the European Communities (Markets in Financial Instruments) Regulations 2007 (the MiFID Regulations) are obliged to put in place adequate policies and procedures designed to detect any risk of failure of the firm to comply with the provisions of the MiFID Regulations. In addition, MiFID firms must monitor and on a regular basis evaluate the adequacy and effectiveness of the systems, internal control mechanisms and arrangements established, implemented or maintained in accordance with the Regulations, and take appropriate measures to address any deficiencies in the firm’s compliance with its obligations.</p> <p>Avatrade’s Client assets are safeguarded and ring-fenced in client designated account and segregated from AvaTrade’s assets. AvaTrade employs extensive control and risk management processes to comply with the client asset regime to ensure continued segregation of client and AvaTrade assets.</p>	
<b>Disclosure</b>	
AvaTrade will email clients when a material change is made to the CAKID	

**Further Information**

If you require any additional information in relation to client assets, please do not hesitate to contact us at:

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Email: [compliance@avatrade.com](mailto:compliance@avatrade.com) Web: [www.avatrade.ie](http://www.avatrade.ie).

**AVA Trade EU Ltd trading as AvaTrade is regulated by the Central Bank of Ireland - License Number C53877. This Client Asset Key Investor information is accurate as of 1 July 2023.**