



Client Assets Protection Statement

03 March 2025

Client Asset Protection

As an FCA regulated investment service provider, LHCM is authorised to arrange and make deals and transactions in investments (both as agent and principal), safeguard and administer assets, as well as hold and control client money. These are the means by which we are able to operate and maintain our trading platform services. For further details, we invite you to search the Financial Services register (<https://register.fca.org.uk/s/>) using firm reference number 789421.

LHCM currently provides services only to Professional (non-retail) Clients and Eligible Counterparties. As such, our services are not available to retail clients. This approach aligns with regulatory requirements and ensures that we cater specifically to investors with the necessary experience and risk appetite. Further details regarding client classification and eligibility criteria are outlined in relevant regulatory documents.

Under its client money responsibilities (CASS 7), LHCM must deposit client funds, separate from its own cash, in a client money bank account with an authorised bank and protect all client money flows that arise from clients' investment business. Custody of clients' assets is in accordance with the rules (CASS 6) and entrusted to a globally recognised custodian. LHCM carries out extensive due diligence on third-parties as part of our risk management framework.

In the unlikely event of an insolvency, this means the client money accounts would be held separate to LHCM's money and be available to the insolvency practitioner to distribute to the respective clients who have a valid claim on the balance.

Due Diligence

In appointing and using a third party to provide banking or custody services in relation to client money and/or client assets, we exercise all due skill, care and diligence in the election, appointment and periodic review of the third party taking into account the standing, expertise and market reputation of the third party; we ensure compliance with the FCA CASS rules by conducting regular due diligence on our banks and custodians.



The FCA protections for professional clients

LHCM Policies and procedures in place are applicable for safeguarding of assets of professional clients. As an FCA regulated firm, LHCM recognises the distinct classification of professional clients and eligible counterparties. Our policy and procedures align with the FCA framework to ensure compliance while tailoring services to meet the needs of professional clients. Our client base is categorized in accordance with FCA guidelines provided in the Conduct of Business Sourcebook (COBS). Below are the protections and responsibilities defined under LHCM. Policies, guided by specific FCA rules:

1. Best Execution (COBS 11.2A) – LHCM takes all sufficient steps to obtain the best possible result when executing orders for professional clients, considering price, costs, speed, and other factors.
2. Client Order Handling (COBS 11.3) – LHCM handles client orders fairly and in line with professional standards.
3. Conflicts of Interest (SYSC 10 & COBS 12) – LHCM maintains policies to identify and manage conflicts of interest, ensuring fair treatment of professional clients.
4. Information Disclosure (COBS 2.2 & COBS 6.1) – LHCM provides professional clients with clear and sufficient information about products, risks, and costs, though disclosures may be less detailed than for retail clients.
5. Suitability and Appropriateness (COBS 9 & 10) - Suitability rules apply only when firms provide investment advice or discretionary portfolio management. Appropriateness checks are required for complex products when dealing on a non-advised basis.
6. Client Money and Asset Protection (CASS Rules) – LHCM safeguards client money and assets, though professional clients may agree to different custody arrangements.
7. Right to Complain (DISP Rules) - Professional clients have access to firm complaints procedures.

The Financial Services Compensation Scheme (FSCS)

Under the Financial Services Compensation Scheme (FSCS), non-retail professional clients and eligible counterparties are generally not covered. These client categories are considered to have the expertise and resources to assess and manage risks independently, which is why FSCS protection is not extended to them. LHCM exclusively serves professional clients and eligible counterparties under FCA permissions, FSCS protection would not apply to LHCM clients. This aligns with the FCA's regulatory framework, which assumes that these clients do not require the same level of protection as retail clients: [https:// www.fscs.org.uk/making-a-claim/claims-process/eligibility-rules/](https://www.fscs.org.uk/making-a-claim/claims-process/eligibility-rules/)



The Financial Conduct Authority

LHCM is authorised and regulated by the FCA one of whose prime functions is to ensure investor protection through the regulation of financial services markets, exchanges and firms. When LHCM provides services to our clients, it does so subject to rules on the conduct of its business set by the FCA and designed to protect the interests of clients. These rules include an obligation to ensure that assets belonging to clients (such as investments and cash) when under the control of LHCM are clearly segregated from assets of LHCM itself.

Complaints

We take complaints very seriously and have established procedures in accordance with the FCA's requirements for the consideration and handling of complaints which ensures that they are dealt with fairly and promptly. Our written complaints policy is available upon request. If in the future you would like to make a complaint you can either speak to your usual point of contact at LHCM or contact our Complaints Officer at complaints@lhcm.uk