



BREWIN
DOLPHIN

MiFID II

How it affects companies,
charities and trusts

What is MiFID II and how does it affect me?

At the start of next year a major overhaul of financial legislation will affect the services you receive from Brewin Dolphin.

The Markets in Financial Instruments Directive II (MiFID II), represents a major overhaul of the existing legislation governing the regulatory framework for firms that provide investment services in the European Union.

The aim is to improve the functioning of financial markets, mitigate the chances for market abuse and further improve the transparency of client costs and charges.

MiFID II will come into force on 3 January 2018. However, before it is implemented, Brewin Dolphin needs to prepare to make sure that the transition to the new regulations takes place as smoothly as possible.

As a result, ahead of MiFID II's introduction we will require your assistance in order to fully comply with the new regulations.

As a client entity you will be required under the MiFID II legislation to apply for a code called a 'Legal Entity Identifier'. A 'National Personal Identifier' code may also be required in some cases. You will not be able to trade without these, so it is essential that these are set in place, whenever necessary.

Over the next pages we explain how MiFID II will affect you and what you need to do ahead of its introduction. If you have any questions, please get in touch with your Brewin Dolphin relationship manager.

As part of the global regulatory push to monitor and identify incidents of market abuse, as of 3 January 2018, MiFID II requires us to change our internal processes by using unique codes to track anyone associated with transactions.

The biggest impact that we will face is the introduction of Unique Party Identifiers (UPIs) for transaction reporting. UPIs are broken into two types.

1) Legal Entity Identifier (LEIs)

2) Natural Person Identifier (NPIs)

LEIs

For our entity clients, such as Charity, Corporate, and Trust clients, the UPI is known as a Legal Entity Identifier (or LEI).

An LEI must be associated with every transaction in order for a deal to take place after 3 January 2018.

As an entity you will need to obtain an LEI code which can be used to transact across the industry, no matter how many different firms you transact with or through. Without an LEI, an Entity will not be permitted to deal or transact. Brewin Dolphin must also have an LEI, but so must other third parties we deal with such as product providers, agents and counterparties. LEIs must be applied for, from an approved issuer. Brewin Dolphin will be working with the approved UK issuer UnaVista. UnaVista is the third party reporting subsidiary of the London Stock Exchange (LSE). There is a cost for an LEI application as well as an annual renewal cost charged by UnaVista. Brewin Dolphin can facilitate the application and renewal process for you if you wish, but you can also apply directly with UnaVista and the LSE. The cost of the LEI will be cheaper for you if you choose to apply via Brewin Dolphin who will offer the service at £70 + VAT for both the initial application and the annual renewal.

Third Parties

LEIs for third parties

Third parties who have authority to deal and who are acting on behalf of an entity which is externally associated with our charity, trust and corporate clients (e.g. solicitors and accountants) will also require an LEI. Brewin Dolphin will be unable to accept any investment instructions from them on your behalf without it. Brewin Dolphin will not be able to obtain an LEI for third parties such as these but your third party will find the information required for them to be able to obtain one themselves at www.lseg.com/LEI.

NPIs for third parties

On some occasions a Natural Person Identifier code (NPI) will also be required for people externally associated with our charity, trust and

corporate clients whom have authority to deal in an individual capacity for the client (e.g. a third party with authority to deal who is not acting in a professional capacity such as a family friend or acquaintance on a trust).

NPIs are created dependent on nationality, on strict parameters dictated by the regulations and, for UK nationals, will be derived from a National Insurance number. We will also require an individual's full first and last name as well as date of birth. For other nationalities other details such as a passport number, name and country of residence will be required. There is no charge for an NPI.

Obtaining LEIs and NPIs for third parties

As well as obtaining or applying for an LEI on your behalf as an entity, we may need to get in touch with you if we are missing any information to obtain an LEI or NPI information for people externally associated with you as an entity client. We will need to attach these identifiers to any transaction we undertake for you and this will be supplied to the Financial Conduct Authority (FCA), our UK regulator. LEI and NPI codes will not be visible on any of the documentation we send out to you.

What else is going to change?

While the impact behind the scenes will be significant to organisations such as ours, the main changes that you will see will be the following:

Valuations and 10% depreciation notifications

As of 3 January 2018, if it is not already the case, we will be sending you a portfolio valuation every quarter. Additionally, in the uncommon event that the performance of the portfolio decreases by 10% or more across a quarter, we will promptly notify you of this.

Effects of charges on returns

Your annual valuation pack will clearly show details of all costs and charges. It will also show any underlying fund charges for pooled or collective investments in the portfolio and their effect on returns.

Changes to our Terms and Conditions and other communications

Given the breadth of the various regulatory changes, we will be making required changes to a range of documents, particularly our Terms and Conditions, Order Execution Policy,

information held within our fees and charges brochure, and other materials held at www.brewin.co.uk

Why is Brewin Dolphin adhering to European regulations following the UK's planned exit from the EU?

The FCA has confirmed that this regulation (which was enacted prior to the UK's intention to exit from the EU) will still apply to us in the UK. It will need to be complied with as the financial services sector is so closely interlinked with the financial services community across Europe.

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