


Due diligence for the CashHub



This document gives you instant access to the answers to due diligence questions you might have about the new online service available through Quilter's platform, the CashHub, powered by Bondsmith.

Two ways to use this document:

- Either save it for your records in its current form;
- Or copy and paste the relevant questions into your own reports.

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Q 1. *What is the CashHub?*

A The CashHub is an online service distributed by Quilter and powered by Bondsmith, a Deposit Aggregator, authorised by the Financial Conduct Authority under the Electronic Money Regulations 2011.

Deposit Aggregators, sometimes referred to as cash management platforms or savings marketplaces, are online platforms which enable customers to deposit funds in savings accounts held with a number of banks or building societies.

With the CashHub clients can:

- Compare a curated range of savings accounts with competitive rates of return.
- Choose from a selection of easy access, notice and fixed term accounts.
- Pay money in, withdraw, and move money from one savings account to another.
- View cash savings alongside their Quilter investments using a single login.

Q 2. *What is Quilter's role?*

A Quilter Investment Platform Ltd (Quilter), is:

- distributing the CashHub to adviser via the Quilter Platform and to certain customers via the online Customer Centre and the Quilter App
- providing customer support and ongoing servicing

Quilter Investment Platform Ltd is authorised and regulated by the Financial Conduct Authority with Financial Services register number 165359. Quilter Investment Platform Ltd registered in England and Wales at Senator House, 85 Queen Victoria Street, London, EC4V 4AB. Registration number 01680071.

Q 3. *Who is Bondsmith?*

A Bondsmith is a trading name of Bondsmith Savings Ltd, a provider of embedded savings and banking services to the wealth management and investment industry. They provide the technology that powers the CashHub.

Bondsmith Savings Ltd is registered in England and Wales, No 13223331. Registered office: 124-128 City Road, London, EC1V 2NJ. Bondsmith is authorised by the Financial Conduct Authority under the Electronic Money Regulations 2011, Firm Reference 955601, for the issuing of electronic money.

Deposits placed through CashHub are held in trust accounts at the various banks in the name of Bondsmith Savings Nominees Limited.

Q 4. *How financially secure/strong is Bondsmith?*

A Bondsmith is financially secure and is on trajectory to reach profitability in Q3 2024. Some key indicators of their financial security are as follows:

- Client base: Bondsmith has long-term contracts with several key clients, including Abdrn, Nucleus and Quilter.
- Revenue stability: over 75% of Bondsmith's revenue is recurring as opposed to one-off income, which makes the business resilient to changes in economic conditions.
- Capital support: the company has received significant capital injections, which includes £10m in 2022. This ensures financial stability as Bondsmith approaches profitability. Any future funding needs are expected to support further growth.
- Cost management: Bondsmith operates with a lean team with strong cost control and efficient resource management. Staff levels are currently at around 35 and set to grow steadily with the size of the business.

Q 5. *How many staff does Bondsmith employ?*

A Bondsmith currently employs circa 35 staff.

Q 6. *Describe Bondsmith's business continuity plan.*

A Bondsmith have an ISO 22301 aligned Business Continuity plan which is tested at least annually. Bondsmith maintains a detailed Business Continuity Plan to ensure continuous operations during disasters, emergencies, and other business disruptions.

The plan details the steps the Crisis Management Team would take following an incident, covering key business services as well as people, premises, IT and core service providers.

Q 7. *Does Bondsmith have a disaster recovery process?*

A Bondsmith have a documented and tested Disaster Recovery process. The Bondsmith platform is designed as a fault-tolerant, event based, distributed architecture. Their disaster recovery process is rigorously and regularly tested. Their IT services are cloud-based, with the ability to immediately switch between and utilise multiple zones and regions if major disruption occurs.

Q 8. *How does Bondsmith ensure data and system security?*

A Access to Bondsmith systems and applications is limited for all users. Access by any other entity is allowable only on a minimum necessary basis. All users are responsible for reporting an incident of unauthorised use or access of the organisation's information systems. Bondsmith use a RBAC model. SSO accounts are managed by the Head of Information Security on Azure AD and access to the different systems is granted based on position and need-to-know. Access to Bondsmith's Production systems is temporarily granted to an employee via an AWS Role, the request must be approved by Bondsmith's CTO and the access is automatically removed after 60 minutes. All access is reviewed by the Head of Information Security and/or the Head of Risk and Compliance at minimum once a month, if an access is found not to be justified, an incident ticket is raised and the access is removed, the impacted user(s) and their line manager is immediately informed of the change.

Q 9. *Describe Bondsmith's risk management philosophy.*

A The principles outlined below provide the characteristics of Bondsmith's risk management framework. These principles are the foundation for managing risk and have been considered throughout when developing the risk management framework.

- Customer-focused – prioritisation of protecting customers' interests, data and financial assets.
- Transparent – promotion of open and transparent communication about risks across all levels of the organisation
- Proactive Ownership – assigning clear ownership of risks to specific individuals or teams within Bondsmith, holding them accountable for the risk mitigation and management
- Continuous improvement – encourage feedback and foster a culture of continuous improvement in risk management practices, adapting to the evolving risks and challenges

Q 10. *How is risk management and governance structured within Bondsmith?*

A Bondsmith operates a 3 lines of defence model scaled to the size of their organisation. Bondsmith's Board set a risk appetite for the organisation that allows first line teams to raise, escalate or report risks for second line risk and compliance to review and monitor. First line also reports to second line governance forums who have oversight across all areas of the business. The second line reports to the Board of Directors and third line internal audit is primarily focused around ISO27001 controls at present.

Q 11. *How is money protected?*

A FSCS

The Financial Services Compensation Scheme (FSCS) pays compensation when a UK financial firm goes out of business and cannot pay you your money.

It is independent of the government and the financial services industry and is free to use.

Each bank on the CashHub is FSCS protected. Therefore, savings can be spread across different banks and receive up to £85,000 of protection per bank. Please note that savings held outside of this service with the same banks will contribute towards the total protected amount. Some banks may share a banking licence. If there are two or more banks on the CashHub that share a banking licence this will be made clear. Bondsmith Savings Limited is not covered by the FSCS, so you should be aware there is no compensation in the event of Bondsmith's insolvency.

Safeguarding measures

Money held in the holding account is deposited on trust with HSBC, or in some instances ClearBank. This means it is protected by the FSCS should either bank become insolvent. Should Bondsmith become insolvent any money in the holding account is held in a segregated account that any creditors of Bondsmith cannot access. There is no limit to the level of protection through these safeguarding measures, however some costs could be taken by the administrator if Bondsmith were to fail.

You can view more details on [*How your money is protected*](#) on our website.

Q 12. *What is the holding account?*

A The CashHub holding account is designed as a temporary home for clients' money while it is being deposited into or withdrawn from their savings account/s. After 90 days Bondsmith may, at their discretion, return money from the holding account to the client's nominated bank account.

Money in the holding account is held in trust by Bondsmith Savings Nominees Limited in a segregated bank account, with HSBC, or in some instances ClearBank. This is also protected by the FSCS. The FSCS will compensate savers of failed banks automatically, there is no need for you or your client to do anything.

Q 13. *What would happen if Bondsmith were to become insolvent?*

A If Bondsmith were to become insolvent any money held in a savings account would not be affected, and is held by a FSCS protected bank. There may be a delay in returning money to a client and fixed term accounts will generally be maintained to maturity. Any money in the holding account is held in a segregated account that any creditors of Bondsmith cannot access. There is no limit to the level of protection through these safeguarding measures, however some costs could be taken by the administrator if Bondsmith were to fail.

Q 14. *What would happen if one of the banks used became insolvent?*

A The FSCS currently provides protection up to £85,000 per individual, per authorised institution. If you hold a joint account, the protection is up to £170,000. Please note that if your client holds any deposits with the same bank or building society outside of this service, those deposits will count towards the total protected amount. The FSCS will compensate savers of failed banks automatically, there is no need for you or your client to do anything. The FSCS will check and pay compensation as soon as possible, and wherever possible within three months.

Q 15. *Who is responsible for the panel of banks available to my clients?*

A Bondsmith are responsible for selecting the panel of banks to be made available via their service, and work with various UK banks and building societies for a number of different clients to ensure the panel is broad and varied. Bondsmith carry out due diligence on the banks to ensure that they are appropriate for their target market.

Quilter may choose to give Bondsmith some additional criteria based on our own distributor target market by imposing additional credit quality checks or by considering maximum deposit levels in conjunction with FSCS coverage.

The banks/building societies available on the CashHub must meet minimum criteria set by both Bondsmith and Quilter to be included, but clients should also ensure that they are happy to place money with a particular bank or building society.

Independent credit ratings provide a guide to the financial strength of a bank/building society, but please note that ratings are not always available and are not a guarantee that their money is safe.

You can generally find the credit ratings (where available) for the bank/building society's on their website.

Q 16. *How do you charge for this service?*

A Bondsmith charge by taking a share of the interest and no charge is taken directly from a clients savings. This is deducted from the rates before they are displayed so that the rate you see is the rate that is paid.

Bondsmith will take up to 0.25% of the interest rate, from which they will pay Quilter a distribution fee of up to 0.15%.

Q 17. *What types of savings accounts are available, and how do they work?*

A **Fixed Term Accounts**

- This is a savings account with a fixed start and end (maturity) date, during which no top ups or withdrawals are allowed and the interest rate remains fixed for the entire period.

Notice Accounts

- This is a savings account that allows withdrawals but applies a restriction of a set number of days (the "notice period") before that withdrawal instruction is processed. The notice period will be clearly identified in the name of the account and in the Summary Box when applying. Interest rates can change. Rate decreases are subject to 14 days' notice plus the notice period for the account.

Easy Access Accounts

- This is a savings account that allows top ups and withdrawals at any time, without further restrictions. The interest rate on these products can change anytime, with rate decreases subject to 14 days' notice in advance.

Sharia Accounts

- While Sharia accounts may be available on the CashHub, the CashHub itself is not Sharia-compliant because money always has to go through the holding account..
- Sharia banking, often referred to as Islamic banking, is a system of banking that is based on the principles of Islamic law (Sharia law). It prohibits the payment or acceptance of interest fees (riba) for the lending and accepting of money. Instead, it focuses on profit-sharing, joint venture agreements, and other lawful methods of generating returns. Sharia-compliant banking products are structured to adhere to these principles, ensuring that all activities and transactions are morally and ethically sound in accordance with Islamic teachings.
- An expected profit rate is a term commonly used in Islamic banking in lieu of "interest rate", which is prohibited in Sharia-compliant financial practices. Instead of guaranteeing an interest rate on a deposit or investment, Islamic banks provide an "expected" rate based on the profit they anticipate earning from the funds they use in compliant business activities. In the unlikely event that the bank is unable to pay the expected rate we will be in touch to explain your options.
- Anyone can use Sharia-compliant accounts and they work in principle in a similar way to regular savings accounts. Sharia-compliant financial products are structured in adherence to Islamic principles; however, their availability is not restricted by religion or belief. Individuals from any background or faith can utilise these products. Often, customers are drawn to Sharia products due to their ethical framework, transparency, and competitive terms, irrespective of religious considerations.

Q 18. *How are interest rates negotiated?*

A Bondsmith work with all of their partner banks to ensure the rates on the platform are competitive. The rates available may be higher, lower or the same as the bank offers direct for comparable products.

Q 19. *Can the interest rate change after an account is applied for?*

A Interest rates and accounts can be updated at any time. If there is a delay between choosing a fixed term account and funding that order, there is a chance that the original product chosen may not be available.
Please see question 17 for information on notice periods for changes in interest rates.

Q 20. *Does my client need an account with Quilter to use the CashHub?*

A The CashHub is available to existing Quilter customers only.

Q 21. *What happens to money left in the CashHub holding account?*

Does it accrue any interest?

– The holding account does not earn or pay interest.

Is there a notification system to remind clients if they have left funds in the holding account for long periods?

Where balances of £500 or more have not moved in the holding account for a period of more than 30 days, Quilter will contact clients to notify them. Details of their CashHub holdings are also shown on clients' quarterly statements.

After 90 days Bondsmith may, at their discretion, return money from the holding account to the client's nominated bank account.

Q 22. *Who is the contact if there are problems or queries?*

A Quilter is the main contact for clients and advisers with queries about the CashHub. Quilter may contact Bondsmith or the relevant bank or building society if further clarification is required.

Quilter's Customer Service Centre is available from 8.30am to 5.30pm Monday to Friday on freephone **0808 171 2626**, to answer any queries. There is also an email address for financial advisers and clients to use, ask@quilter.com

Q 23. *Can an account be cancelled if my client changes their mind?*

A Easy access and notice accounts can be cancelled within 14 days of account opening. Generally, fixed term accounts will not have cancellation rights, so please ensure the account chosen is suitable for your client.

Q 24. *Is there a minimum investment amount?*

A Each savings account will have its own minimum amount. These will tend to range from £1 to £25,000 and are set by the bank.
The minimum investment into the holding account is £1,000.

Q 25. *Is there a limit to the number of saving accounts my client can hold?*

A No, there is no limit to the number of savings accounts your client can hold.

Q 26. *What statements are produced to help with tax reporting?*

A All interest is paid gross of any tax.

Each year your client will be provided with a consolidated tax certificate showing how much interest has been earned in the tax year. All transactions will also be recorded and can be viewed within the account.

It is their responsibility to ensure they pay the correct tax due on any interest received, taking into account their Personal Savings Allowance and personal circumstances.

Q 27. *What if my client needs to withdraw funds from a term account before the end of the term?*

A Your client cannot withdraw money from a fixed term savings account before the end of the term. Your client's initial deposit and interest will be returned to them at maturity. In exceptional circumstances, such as death or financial hardship, it may be possible to withdraw early, in these circumstances please contact us.

Thank you for considering Quilter.

If you have any further questions that are not answered by this document, please speak to your consultant or email **DueDiligenceQuestion@quilter.com**

The value of your clients' investments may fall as well as rise and they may not get back what they put in.

quilter.com

Please be aware that calls and electronic communications may be recorded for monitoring, regulatory and training purposes and records are available for at least five years.

Quilter is the trading name of Quilter Investment Platform Limited which provides an Individual Savings Account (ISA), Junior ISA (JISA) and Collective Investment Account (CIA) and Quilter Life & Pensions Limited which provides a Collective Retirement Account (CRA) and Collective Investment Bond (CIB).

Quilter Investment Platform Limited and Quilter Life & Pensions Limited are registered in England and Wales under numbers 1680071 and 4163431 respectively.

Registered Office at Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom. Quilter Investment Platform Limited is authorised and regulated by the Financial Conduct Authority. Quilter Life & Pensions Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Their Financial Services register numbers are 165359 and 207977 respectively. VAT number 386 1301 59.

Bondsmith is a trading name of Bondsmith Savings Ltd, which provides the CashHub (CHB) distributed by Quilter Investment Platform Limited. Bondsmith Savings Ltd is registered in England and Wales, No 13223331. Registered office: 124-128 City Road, London, EC1V 2NJ. Bondsmith is authorised by the Financial Conduct Authority, Firm Reference 955601.

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