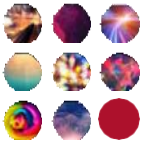




# Hubwise Platform Due Diligence



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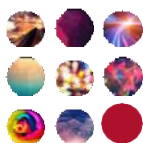
When researching a Platform as a possible partner, you might want to look at the following:

- the Platform provider (e.g. their reputation and financial standing)
- their control of the critical platform components (technology, execution, CASS, administration)
- pedigree and experience of the management team
- history of innovation
- terms and conditions of using the Platform
- charges – including actual cost, fee structure and impact across the entire portfolio value range
- range of funds, tax wrappers and other products available
- range of asset classes and currencies
- functionality
- DFM modelling capabilities
- level of process automation

## Further information

Enquiries: [www.hubwise.co.uk](http://www.hubwise.co.uk)

Email: [sales@hubwise.co.uk](mailto:sales@hubwise.co.uk)



# HUBWISE

## Hubwise - an introduction

The Hubwise investment platform ('Platform') is provided by Hubwise Securities Limited.

Hubwise Securities Limited was launched in 2011 (company number 06071374), and is wholly-owned by Hubwise Holdings Limited (a holding company incorporated in England, company number 07348797), which is majority owned and controlled by the management team.

Hubwise Securities Limited is authorised and regulated by the UK FCA (FRN 502619) as a BIPRU 125k limited licence firm and, as the only regulated company in the group, is the group entity subject to the ICAAP process.

Hubwise is also:

- A Member Firm of the London Stock Exchange
- ISA Plan Manager
- A Member of CREST (Euroclear UK & Ireland)
- Registered as a Data Controller under the Data Protection Act

The Platform is intelligent by design, and because we fully own and control our modern technology, we are able to deliver an exceptional level of flexibility and functionality, whilst maintaining the highest levels of process automation – this keeps our Platform service fees extremely competitive, at the same time as enabling us to deliver new standards of service to investment teams and intermediaries and their clients.

## Capital position

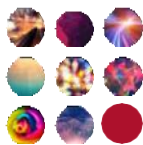
Hubwise seeks to hold a buffer of capital above its minimum regulatory needs to ensure that it meets its business objectives. The 2019 ICAAP shows that the capital held at 31 January 2019 is sufficient to meet its minimum capital requirement (being the higher of Pillar I and Pillar II assessments).

The Company has no borrowings and has no off-balance-sheet obligations or contingent obligations to pay or deliver collateral, nor does it enter into derivative instruments or repurchase agreements for its own account.

The company's future growth is anticipated to be chiefly organic, however the Board may consider non-organic opportunities as and when they arise. The aim is to fund growth through retention of profit and the Company will therefore determine dividend and bonus payments in the context of the Company's capital requirement.

We think you might also want to look at:-

- regulation
- corporate structure and governance
- platform features
- accessibility
- business continuity
- risk management and control



## Regulation

Hubwise Securities Limited is authorised and regulated by the UK's FCA – registration number 502619.

Our FCA regulatory permissions enable us to carry out our day-to-day business with the appropriate authority and include permission to:-

- hold client money
- arrange safeguarding and administration of assets
- arrange (bringing about) deals in investments
- deal in investments as agent
- arrange for and to send dematerialised instructions

This Scope of Permission is consistent with our role as a platform and custody provider. Hubwise will continue to undertake only regulated business activity.

## Client Money

All client cash is held in client bank accounts with FCA-authorised UK deposit taking institutions. Client bank accounts are designated as trust accounts and are segregated from Hubwise's own monies, and are operated and administered in full accordance with FCA CASS (Client Money) Rules. If one of those Banks fails or becomes insolvent, the client may be entitled to claim compensation under the FSCS up to £85,000 of any loss. Hubwise will pay credit interest, in respect of uninvested client cash, at a blended rate every 6 months. All of the interest collected by Hubwise is paid to the client on a pro rata basis based on the cash held on deposit.

## Client Assets

Hubwise is responsible for the safe custody of all assets held in client accounts. Such investments are registered in the name of a nominee company which will normally be Hubwise's wholly-owned subsidiary, Hubwise Nominees Limited. Hubwise Nominees Limited is a non-trading "dormant" company set up to hold investments on behalf of investors.

## Risk Mitigation

Hubwise have insurance in place for professional indemnity and crime, as well as an agreement between the Securities and Nominee companies to further strengthen asset security. The FSCS also provides compensation of up to £85,000 per investor for eligible claimants in respect of UK securities and funds held in custody.

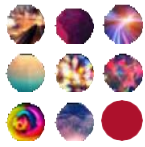
Hubwise has never had a FCA action or investigation taken or carried out against it or its employees since incorporation.

The Directors of Hubwise determine the business strategy and appetite to risk and are responsible for design and implementation of the firm's risk management framework, based largely on an Internal Capital Adequacy Assessment Process ('ICAAP'), which is regularly reviewed and updated. Hubwise also reports on financial risk management objectives and policies within its annual accounts and within those of its parent company, Hubwise Holdings Limited.

Hubwise is risk averse and has designed its business model and policies accordingly, and, for example:

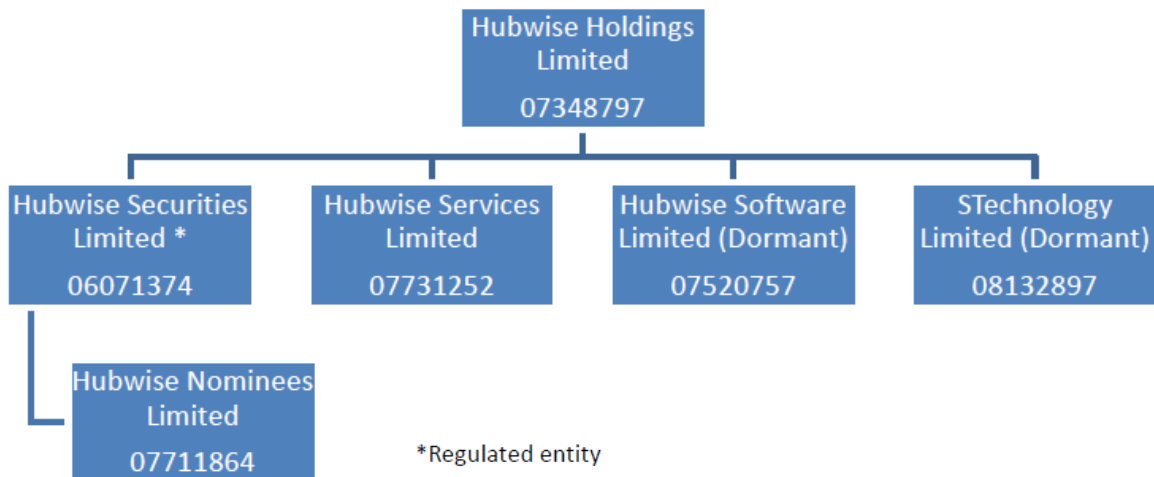
- has not sought permission to trade on its own account
- does not give investment advice or recommendation of any kind
- has negligible exposure to interest rate and currency risk and as a consequence does not hold derivatives for its own account
- trades solely on a Delivery versus Payment basis reducing CASS operational risk and thereby also reducing exposure to market volatility and reputational risk
- has customer firms which are all subject to due diligence prior to being accepted and legal agreements being entered into

The Hubwise Pillar III Disclosure Report is available at [www.hubwise.co.uk](http://www.hubwise.co.uk)



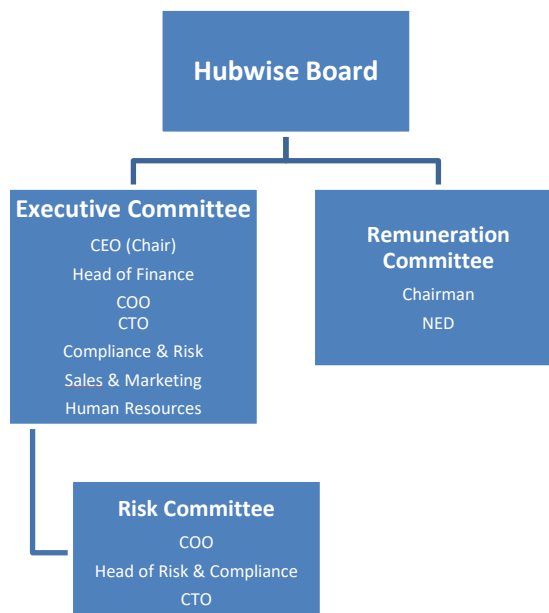
## Group structure

Hubwise Holdings Limited is privately-owned, with the majority of shares (around 80%) held by the management team. Two individuals are controllers as defined by the FCA with a shareholding of more than 10%, Angus Macdonald (CEO) and Andrew Staley (external investor). The group structure is set out below.

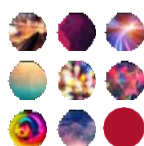


## Corporate governance

The Board of Hubwise is comprised of an Executive Chairman, a Chief Executive, and an Executive Director. Historically the board meets at least quarterly, this has been increased to monthly during 2019, to discuss financial and operating performance, strategy, compliance and risk, business development, financial markets and remuneration. It also receives reports from the Executive Committee, Risk Committee and Remuneration Committee which are formal committees of the Board.







## Executive team



**Angus Macdonald**  
Chief Executive Officer

Angus has 30 years' experience in financial services, covering system design and implementation to establishing and running an earlier disruptive force in the UK platform market, OMX Securities, back in 2003. Angus started his career as one of the original architects and authors of JHC's FIGARO system, which is now used by a number of the largest wealth managers and B2B/D2C platforms in the UK and Ireland, and it was his vision and passion to address the inefficiencies in the retail funds market that saw Hubwise established.



**Douglas Boyce**  
Managing Director

Doug has 28 years of financial services experience gained from firms including Barclays Stockbrokers, Halifax Share Dealing and City Index. In recent years, Doug founded Interactive Investor's in-house share dealing service which has since grown to become the 2nd largest D2C platform in the UK. From 2015 to 2018, Doug was the European COO of FNZ. During his time at FNZ, assets under administration grew from £42bn to £220bn, with operations centres in Edinburgh and the Czech Republic.



**Andy Edwards**  
Chief Technology Officer

Andy has over 30 years' experience in financial services. He has held diverse senior management positions in FinTech businesses specialising in market access and trading, including Pat Systems, Velsys, London Capital Group and Web Financial Group. Most recently he was CTO of Lacuna Solutions, a start-up for KYC and regulatory reporting. Andy has led cross-industry initiatives for the adoption of technology standards and co-founded Bolero.net, the first service to enable the trading of commodities through electronic bills of lading.



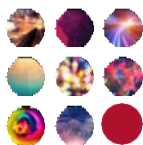
**Helen Macdonald**  
Corporate Services Director

Helen qualified as an investment manager in 1995, working at Cripps Harries Hall, one of the largest solicitor investment manager firms. Helen moved to specialise in regulation and compliance some 14 years ago and in the run-up to FSA regulation, Helen worked with the Association of Solicitors and Investment Managers to develop consultancy audit services for authorised professional firms. Helen joined OMX Securities in 2003 taking responsibility for compliance, legal, risk, HR and training. Helen is also that rare breed, a Chartered Fellow of the Chartered Institute [Eqx](#) Securities & Investment.



**Jeffrey Plowman**  
Non-Exec Chairman

Jeff's career has spanned some 50 years with a number of diverse roles including institutional research, private client stockbroking, pension fund management and corporate treasury. Jeff has sat on a number of boards, including CEO positions at Dealwise (which was sold to TD Waterhouse in 2000 to enable TD Waterhouse to enter the UK retail market) and Fyshe Horton Finney. Jeff is a Fellow of the Securities Institute and also sat on various industry committees.



## Our terms & conditions

As Hubwise only operates on a business-to-business (B2B) basis, the Platform's Terms and Conditions (T&Cs) are generic and available upon request. These T&Cs, all web content, documentation and electronic client communications (application forms, illustrations, valuations, statements, CTCs, contract notes etc) are all white-labelled to the intermediary's brand guidelines.

The Platform provides a broad range of wrappers. The General Investment Account (GIA) and a flexible Individual Savings Account (ISA) – Stocks & Shares ISA and Junior ISA – can be branded for the intermediary.

The Self Invested Personal Pension (SIPP) and Offshore Bond wrappers are provided to Hubwise by trusted third parties, so by default, they are branded as Hubwise products. But the SIPP can be branded for your business under specific circumstances.

## Client sovereignty

Our Platform Agreement and the client T&Cs ensure your firm alone retains client ownership. The investor authorises the intermediary, as their agent, to appoint Hubwise for custody and dealing.

Consequently, there is no tripartite agreement between the IFA or Wealth Manager, Investor and Platform. Therefore, the intermediary can transfer clients' assets to another custodian without the need "to paper" the client.

## Strategic partners

### SIPP

Hubwise have partnered with Hartley Pensions for the provision of the Hubwise SIPP, branded in the UK as the Hubwise Hartley SIPP ('Hubwise SIPP').

The Hubwise SIPP is a self-invested personal pension scheme established under one master trust deed and set of rules for the purposes of Part 4 of the Finance Act 2004.

The Hubwise SIPP is provided and operated by Hartley Pensions Limited, a UK registered company (number 09469576) which is authorised by the FCA to provide regulated products and services. The SIPP Operator is responsible for ensuring that investments purchased are suitable to hold within a SIPP.

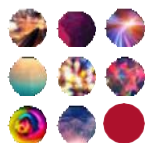
The trustee of the Hubwise SIPP is Hartley Pensions Trustees Limited, a UK registered company (number 09962237), appointed by the SIPP Operator. The SIPP Trustee holds the legal title of the assets held in the Hubwise SIPP under a bare trust. The retail investor is the beneficiary to the SIPP assets.

Hartley Pensions Limited and Hartley Pensions Trustees Limited have entered into a service agreement with Hartley-SAS Limited, a UK-registered company (number 06037774), for the provision of day-to-day administration services relating to the Hubwise SIPP.

### Offshore Bond

Hubwise and RL360° have partnered to offer an attractive offshore bond proposition. Provided by RL360° and administered via Hubwise, offshore flexibility blends seamlessly with simple online administration. RL360° is the company with which the policyholder(s) will contract. Hubwise Securities are appointed as administrator of the Bond.

RL360°, headquartered in the Isle of Man, is part of the RL360 Group which has 60,000 policyholders, £7 billion assets under management and over 300 staff.



## Platform overview

The Platform is a comprehensive investment proposition for Asset Managers, Financial Advisers, Discretionary Wealth Managers and D2C Platforms; and is based around the following components:

### Technology

- Provision of a white-labelled intuitive user journey designed for Adviser and Investment teams, enabling the writing of new client business and the servicing of existing client accounts
- Provision of a white-labelled 'robo' user journey for a self-directed, execution-only client proposition
- Dynamic REST API (JSON messages) to enable any 3rd party technology components to interact with the platform on a real-time, bi-directional message basis, to avoid dual keying
- Static API to deliver a wide range of CSV data files via secure FTP, on a daily basis, for uploading your client data into other technology components

### Open Architecture

- Clients can be invested through multiple wrappers (GIA, ISA, JISA, Hubwise SIPP, Offshore Bond), with multiple client accounts supported within the GIA, ISA and SIPP wrappers
- Access to, and electronic execution in, all UK listed securities (equities, bonds, ETFs, investment trusts) – with fractional trading supported for ETFs
- Access to, and electronic execution in, international listed securities in the main markets
- Access to, and electronic execution in, over 3,000 UK funds and 50,000 European and offshore funds
- Full model portfolio management; and access to the model portfolios of over 20 third party DFM

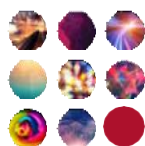
### Regulated Service

- Safeguarding of Client Money to CASS standards
- Custody of Client Assets in Hubwise's UK nominee
- Investment administration, settlement and cash/stock reconciliation activities
- Production of regulatory client reports in PDF 'white-labelled' form

## Key features include:

- White-labelling of the web technology and all client correspondence to your brand guidelines
- Provision of a suite of open APIs enabling bi-directional and one-way integration with any other technology components
- Client "single view" of all assets
- Buying power algorithm to automatically ring-fence the client cash required for future fee liabilities, avoiding regular divestments except where necessary
- Role-based user access permissions
- Guided, multi-wrapper account opening process
- Adviser illustration pack and pre-populated application form produced during the account opening process
- Electronic transfer-in of client portfolios with other TEX-registered ceding counterparties
- Client cash contributions via BACS transfer, cheque, paperless direct debit and internal transfers between accounts
- One-off and regular investments and withdrawals
- Aggregation of client orders and electronic bulk execution of both funds and exchange traded assets, including fractional ETF trading
- Support for both fixed model portfolios (model constituents with fixed weightings) and floating models (where the constituent weightings drift with the daily price movements)
- Advisor/DFM fee collection and payment
- Electronic client correspondence, held securely online, including: contract notes, quarterly valuations and annual CTCs and CGT statements
- "Campaign Manager" tool to facilitate customised bulk email communications where investor consent is required
- Daily, time-weighted performance reporting
- Corporate event and income processing
- Automated email/SMS notifications to clients based on a growing range of business events
- Fully automated daily data link to Intelligent Office CRM (Intelliflo)
- End of day API for daily data exchange via secure FTP with other CRM systems





## SIPP product

The Hubwise SIPP can be opened for a client directly through the Platform's web user portal, without the need to complete any paperwork.

Hubwise and Hartley Pensions have deployed a bi-directional data interface to facilitate the seamless electronic exchange of relevant SIPP data, covering:

- The account opening process
- Changes to the SIPP
- The request to move into drawdown (should be available by the end of summer 2019)

As soon as the SIPP account becomes active, a Welcome Pack is sent to the client, with a copy sent to the adviser. The Welcome Pack includes:

- The SIPP Key Features Document
- Cancellation notice

Under the Hubwise SIPP, client cash contributions are received directly into the Hubwise Client Money bank account, enabling investments to be triggered immediately on receipt of cleared funds.

Hubwise can arrange for you to have a direct contact at Hartley to address any pension-specific queries.

The Hubwise SIPP supports all types of drawdown:

- This includes Capped Drawdown, Flexi Access Drawdown and UFPLS
- This will accommodate PCLS at any point throughout the month; and there are currently 2 regular payroll dates each month (14<sup>th</sup> or 28<sup>th</sup>) for pension income payments
- This can include a drip feed drawdown, allowing the client to select how much PCLS and income they want to be paid (mix and match of tax free and taxable income)
- New contributions can go into an existing Capped DD case if it is still open i.e. there are still uncrystallised funds within the arrangement that allow for extra designation under Capped DD
- If there are no uncrystallised funds, this would be considered as sealed and on crystallising these new funds, it would be into a separate Flexi Access DD arrangement

## Accessibility

Our Platform is available 24/7, 365 days per year subject to planned and communicated downtime.

We have made our user experience as simple and intuitive as possible by removing unnecessary clutter, to leave you with a clean and user interface that helps you to optimise your time and workflows

The Platform has been designed to deliver the highest levels of 'straight-through-processing' with real-time touchpoints between the user portal deployed to your team and the back-end system.

Your advised clients can also enjoy a 'white-labelled' user experience with enquiry-only access to their wrapper accounts. The online capabilities available to clients through their web portal include:

- Holistic view of overall wealth
- PDF copies of all client correspondence
- Time-weighted performance of each account, over any user-definable period
- Portfolio valuation and transaction history in each account

A 'white-labelled' execution-only user journey is also available to investment firms looking to target a self-directed or D2C customer segment.

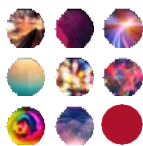
User access to the Platform is based on roles and permissions, so you can easily control what your teams can do and enforce segregation of duties.

## Supporting our customers

Whilst our mobile-friendly user web portal offers a high degree of self-service capability for investment and adviser teams, our dedicated Client Services team is on hand to respond promptly and diligently to customer queries.

Users are provided with online access to our call logging system to raise service tickets and to track the status of ongoing queries.

A dedicated Onboarding Team is available to efficiently manage the activation of the 'white-labelled' Platform for your business. This includes the provision of a migration toolkit to electronically upload an existing client book to the Platform



## Business continuity

Hubwise take business continuity very seriously. Our key staff members have extensive experience in establishing and managing not just policies and procedures, but the practical and tested reality of how to ensure that we have workable options to continue with our operation in the event of a disaster.

We have a contract with a dedicated business continuity service, Daisy BCP in Birmingham, which offers us 25 workstations under a 4 hour service-level agreement.

The service is tested annually, with the last BCP test in October 2018, where all tests passed successfully without the need for any modifications to access configurations, authentication services and networks.

Ongoing protection of our data is important to us and we have a tightly controlled approach to data backups and replication. We have primary and secondary data centres at separate locations to our office, and both offer:

- Advanced protection against smoke, fire and water
- Maintenance of optimum temperature and humidity
- State of the art power provision and back-up
- Continuous 24/7, 365/day on-site security with CCTV and key card entry

## Documents available upon request

### POLICY DOCUMENTS

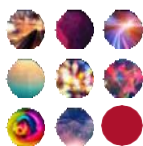
- Anti-Bribery and Corruption
- Anti-Money Laundering
- BCP and DR
- Best Execution
- CASS
- Code Management
- Conflicts of Interest
- Data Protection
- Data Retention
- Incident Management
- Information Security
- Privacy
- Risk Management
- Treating Customers Fairly and Complaint Handling

### KEY FEATURES DOCUMENTS

- GIA
- Stocks and Shares ISA
- Junior ISA
- Hubwise SIPP
- Hubwise Offshore Bond

### OTHER DOCUMENTS

- Platform Terms & Conditions
- Hubwise Pillar III Disclosure
- Certificate of Incorporation



## Risk management

Hubwise, being a technology-driven organisation, builds technology solutions to deliver the services we provide. In the operational environment, these solutions provide and deliver the majority of the processing required. The team focusses on operational delivery along with the ancillary support functions, e.g. Compliance & Finance are an integral part of the risk framework and share equal responsibility in identifying risks as they arise.

Hubwise has adopted risk management as a key element of effective Corporate Governance practice, a key measure in delivering excellent client outcomes and to assist with meeting our regulatory requirements with appropriate systems and controls. Thus, the identification, assessment and management of risk is central to the sustainability of our business and allows us to:

- Fulfil our obligations to our clients and business partners
- Deliver excellent customer service and outcomes
- Meet regulatory, legislative and corporate governance obligations
- Manage capital effectively
- Meet our strategic objectives
- Create value to shareholders

Hubwise aims to achieve its objectives through maximising commercial opportunities aligned to the six outcomes noted above, as well as recognising and managing risks within a defined tolerance or risk appetite. Risk should not be viewed as being negative. Risks need to be taken in order to maximise potential benefits, however risk taking should be conducted in a considered way, therefore increasing the probability of success.

The governance and internal control policies and procedures, operational structure, and responsibilities and reporting requirements within the company have been established to ensure delivery of the defined practices, all of which are subject to oversight by the Board, which gains assurance via the second and third lines of defence.

## First Line


The first level of the control environment is the business operations department, which perform day to day risk management activity through compliance with regulatory and business policies and procedures.

## Second Line

Oversight functions in the business, such as Compliance, Finance and HR set direction, define policy and provide assurance. Adherence is checked through a compliance monitoring programme.

## Third Line

Audit functions or partners are the third line of defence, offering independent challenge to the levels of assurance provided by business operations and oversight functions.



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