Provision of Custody Services
6 months ending JUNE, 2026

The purpose of this document is to provide current and potential users of James Brearley's custody services with information on how successful we have been in meeting the FCA's CASS regulatory requirements over this period. An additional section provides an update on our financial strength relative to our regulatory capital requirement.

In conjunction with this document, you may also wish to refer to the document that covers our service standards relating to our Pro Icon and Outsourced Administration services.

The Prescribed Responsibility for CASS, as defined within the Senior Manager & Certification Regime, over the reporting period, has been held by David Hannis. The firm's Operations Director, Simon Trippier, has had responsibility for CASS Operational Oversight. The FCA's Principle 10, requires a firm to arrange adequate protection for clients' assets. The FCA set out detailed rules explaining how this is to be satisfied in their Client Asset custody rules (CASS 6) and Client Asset money rules (CASS 7).

James Brearley has analysed the FCA's rules and put these into day to day practice as part of its responsibilities for safeguarding clients' investments and cash. The information below is not everything that we do to comply with the rules but describes the most important aspects.

The firm must appoint a duly qualified and experienced CASS Auditor each year, to undertake an independent audit and review of the firm's compliance with the CASS handbook, in its safeguarding of client money and assets. The CASS Auditor must also produce a report which is in turn submitted to the FCA on an annual basis. For the 12 months ending 30th April 2026, Grant Thornton has again acted in the capacity as the firm's CASS Auditor, as they did for the 12 months periods ending 30th April 2025 and 30th April 2024.

Regulatory Permissions

Over the reporting period, James Brearley has held the following regulatory permissions, fundamental in the provision of providing its custody services:-

- Safeguarding and administration of assets (without arranging)
- Client Money
- Safeguarding and administration of assets (arranging)

Client Money

The client money rules (CASS 7) apply to a firm that receives or holds client money, in whatever form. A firm must introduce adequate organisational arrangements to minimise the risk of the loss of client money or of rights in connection with client money, as a result of misuse of client money, fraud, poor administration inadequate record keeping or negligence. James Brearley therefore maintains the following arrangements:-

Keeping Client Money Separate from the Firm's Own Money

Under the CASS rules, James Brearley keeps client money in trust for the benefit of the client. James Brearley always keeps all client money separate from that of James Brearley's own money (the 'normal approach' to segregation of client money, as defined by the FCA). Client money is received into one of several accounts and with the odd exception is then pooled with the money of other clients in designated client money bank accounts. Prior to depositing funds into an account, James Brearley obtains letters from each bank, in the form prescribed by the FCA, to acknowledge that the money in each client bank account is clients' money, with James Brearley acting as trustee.

James Brearley assesses each bank considered for holding an element of the "general client money pool", to make sure it is suitable before placing client money with it. The opening of any account with a new bank, is also subject to Board approval. We then undertake a similar in-depth review on an annual basis. James Brearley also monitors the performance, credit worthiness and reputation of each bank we have client money with on a monthly basis, to ensure it remains comfortable to retain funds with that institution.

During the period no new client money accounts were established nor were any closed.

Client Money Account Breakdown 30th, June 2026

Bank	**Number**	**Bank/Institution**	**Number**
Santander	2	Barclays	3
Royal Bank of Scotland	5		
Barclays	3		
Virgin Money (Yorkshire)	3		
Al Rayan Bank	1		
Total	**14**	**Total**	**3**

Client Money at the Firm's Banks

Over the reporting period the firm's general client money pool was spread across four different banks, being in seven instant access accounts and three 90/95 day notice accounts. Over the reporting period our standard monitoring controls over the level of funds held in the 90/95 day notice arrangements, have again worked well and ensured compliance with the firm's Bank Segregation Policy for most of the period. However, a reduction in the total client money pool during much of May, resulted in the "notice" exposure exceeding the 65% cap built into the Bank Segregation Policy, at one point exceeding 70%. Given though that notice had been given on £15m in early March, the nett effect of this was that the cap remained intact.

As at 30th June, 2026, the firm's total client money position was £209.5m, of which the structured deposit positions with Barclays represented £40.6m. Of the general client money pool (excluding Barclays), £92.2m was held in notice accounts, representing 55% of the total, being well within the internally set limit of 65%.

Throughout the period interest of 1.25% has been paid on client cash balances.

Making Sure Client Money Records and Cash Resources are Correct
James Brearley records all clients' money so that the amount of client money due to each client can be determined at any time. The firm makes sure it has enough money to repay all client money at any point in time. It does this by reconciling each day the individual client money records to the amount of client money held in total. The reconciliation process, undertaken daily, is twofold:

The Internal Client Money Reconciliation. This reconciliation is designed to make sure that the total of client entitlements to money when added together is equal to the total client money James Brearley is holding on its clients' behalf. James Brearley uses the Individual Client Balance method (as defined by the FCA) to calculate the client money requirement as at the close of business for each business day.

The External Client Money Reconciliation (as defined by the FCA), which is designed to make sure the amount of money being held on behalf of clients at the firm's banks is equal to the firm's client money requirement.
Over the reporting period, the daily undertaken Internal Client Money and External Client Money Reconciliations were satisfied each day to the penny.

Dealing with discrepancies in these reconciliations as they are identified is fundamental to spotting problems quickly. The firm will use its own money to cover any shortfalls in client money, that might become apparent when undertaking these reconciliations.
Over the reporting period, whenever we identified a shortfall in the client money requirement, possibly as a result of a settlement related issue or for account debtors, appropriate firm's money was transferred to the client money account to meet this.

Receipts and payments
Client money is generally received electronically and directly into one of the firm's client money bank accounts established for this purpose. The money is credited to the account of the client to which it relates on the same business day so long as it is received before 3.30pm. Client entitlements received in relation to distributions of dividends and interest, and corporate actions, are allocated to clients' accounts as they are received. The regulatory requirement is to allocate all entitlements within 10 business days of their receipt.

We treat all money we cannot identify immediately as if it was client money. All such 'unallocated' client money is included in the client money requirement calculations contained within the Internal Client Money Reconciliation. Money which cannot be identified by day 9 following its receipt is sent back to the bank it was sent from.
Similarly, payments are made directly from the client money bank accounts to the client's bank or building society account. Client money is paid to clients by electronic bank transfer, by BACS or CHAPS.

Client Money Related CASS Breaches:
Over the reporting period there were 5 identified CASS client money breaches, which compares favourably with the 9 experienced over the previous period. Each was relatively minor in nature, being resolved quickly where funds were allocated to the incorrect account, being caused by human error. Our failure to follow a checklist properly led to a client payment (£119.97) not being issued promptly for 5 days.

Client Money Policy
The Board duly approved a revised version of the Policy in February, 2026. The policy had been updated to account for the timing of when interest on client money must be credited to the client (within 5 working days of the new month), as reflected in our Service Terms & Conditions. The policy also includes a section on the Firm's use of the Unclaimed Assets account, an associated "register" enabling us to close down the specific accounts for the affected clients. The omnibus account recorded cash positions are reconciled to the client register at the end of each quarter.

Bank Segregation Policy
The Board approved the firm's Bank Segregation Policy in February, 2026, it agreeing to the practice that the maximum amount that should be held in notice accounts being no more than 65%. It is now the responsibility of the individual with prescribed responsibility for CASS to inform the Board immediately should the percentage exposure to notice accounts exceed 75%.

Client Assets
The CASS 6 – custody rules - are designed primarily to restrict the intermingling of client and the firm's assets and minimise the risk of the client's assets being used by the firm without the client's agreement or contrary to the client's wishes. The CASS 6 rules also prevent client assets from being treated as the firm's assets in the event of insolvency.

How Custody of Assets is Undertaken
The firm records custody assets on behalf of clients within its pooled nominee structure or 'safe custody'. In a nominee arrangement the assets remain the property of the client.
Over the reporting period we have continued to hold the majority of client assets in the following nominee companies- James Brearley Crest Nominees Limited and Walpole St Andrew Nominees Limited. We continue to use global custody specialist, SIX for those securities settling through Euroclear and where stock settles outside of both Crest and Euroclear.

	£(m)	%	Lines
Crest-	949.0 (983.5)	27.7 (28.6)	2,811 (2,811)
Residual-	19.6 (20.2)	0.6 (1.2)	144 (144)
Funds-	1,833.2 (1,796.5)	53.5 (53.1)	1,777 (1,777)
SIX-	624.2 (617.6)	18.2 (17.1)	621 (621)
Total	**3,426.0 (3,417.8)**	**100.0**	**5,353 (5,353)**

As at 30th June, 2026 *Bracketed figures as at 31st December, 2025*

Making Sure we have the Correct Assets
An internal custody record check as defined by the FCA is carried out daily. This is undertaken using the internal custody reconciliation method as defined by the FCA. This compares the aggregate of stock held in the firm's nominee companies with the totals in each client portfolio. Any discrepancies are investigated each day and resolved on a timely basis.

Over the period under review there were no instances where an identified discrepancy was not resolved within 25 business days, being the firm's "timely basis" definition.
During the period all stock reconciliations were carried out on a "settled" basis. All crest reconciliations have been completed on a daily basis. Reconciliations of custody asset positions were carried out to third party statements, crest records, custodian statements, physical certificates and any other external party records that are the most appropriate and reliable for reconciliation purposes (the external custody reconciliation as defined by the FCA). Physical assets are reconciled using the Total Count Method, as defined by the FCA. All physical certificates held are verified with the registrar on a 6-monthly basis. Any discrepancies arising from the performance of reconciliations are then resolved as quickly as reasonably possible, where any items carried forward by more than a month from when they are identified are reported to the Board.
All reconciliation requirements were met over the period.

Client Assets Policy
The Board duly approved a revised version of the Policy in February, 2026. The policy had been updated to reflect that all Crest reconciliations are now being undertaken on a daily basis. The policy also now includes a section on our use of an Unclaimed Assets account, an associated "register" enabling us to close down the specific accounts for the affected clients. The omnibus account stock holdings are reconciled to the client register at the end of each quarter.

Client Asset Related CASS Breaches:
There were just 2 instances over the period when we failed to meet Client Asset related CASS rules, which compares favourably with the 16 such instances for the previous reporting period. Aside from an occasion where stock was allocated to the wrong client account in error, being picked up on a timely basis, we had the unusual instance of stock that was in our nominee company name being registered to the client's home address. This was in respect of an entitlement arising from a placing that we had not been informed of and so had no means to identify the issue.

Complaints
There have been no CASS related complaints over the period.

Stock shortfalls

If James Brearley identifies a shortfall in the assets that should be held on behalf of clients, the firm will make up the shortfall by purchasing the equivalent number of shares or units in the investment instrument. If this is not possible the firm will place cash to an equivalent value into the client money requirement until such time as the shortfall is resolved.

There were no instances over the period where the firm failed to allocate firm money to the client money pool to cover any identified stock shortfalls.

Client Assets Held by Someone Else

Any custodians used by the firm will have due diligence undertaken prior to the commencement of a custodian arrangement and thereafter at least on an annual basis.

This remains limited to SIX as reflected in the stock holdings breakdown on page 4.

Physical assets

In addition to residual stocks registered in the name of Walpole St Andrew Nominees Limited, the firm accepts share certificates from time to time, pending transfer into the firm's nominee service or pending the imminent placing of a sale instruction. These certificates are afforded the same protection as any other client asset.

Confirmation Concerning Other Possible Uses/Procedures Concerning Custody of Client Assets

The firm does not operate any stock lending processes, securities financing transactions, hold or trade any bearer stocks, operate right to use agreements and has no affiliated companies as clients, nor operate a Delivery Versus Payment (DVP) exemption as all applicable assets are deemed covered by CASS.

Other aspects applicable to both client money and assets

Financial Strength

The FCA's Overall Financial Adequacy Rule (OFAR) prescribes the level of capital a firm needs to hold, having incorporated various "K" factors, based on the level of funds that the firm has under custody, under management, is held in cash and finally the value of trades we place. The firm also looks to put to one side additional capital resulting from its identified significant risks.

James Brearley's Own Funds Threshold Requirement as at 30TH June, 2026 was determined to be £2.61m. The firm's own funds resource stood at £12.87m as at this date, representing 3.9 times cover.

CASS Related Regulatory Returns

The firm ensures that all external reporting requirements to the FCA or otherwise are met completely and accurately and within the prescribed deadlines applicable. In the case of CASS this is in the form of the Client Money and Assets Return (CMAR) which needs to be submitted on a monthly basis.

Over the reporting period the firm filed a CMAR report each month on a timely basis.

CASS Audit Report

Grant Thornton (GT) our CASS Auditors, are currently working on the final draft of our CASS Audit Report as at 30th April, 2026. This is most likely going to cover 13 items, which compares favourably with the 14 items submitted to the FCA in August, 2025. We currently do not expect the report to cover any items identified by GT from their audit work, each being recorded in the firm's breaches register.

Resolution Pack

The firm maintains a Resolution Pack, which is a collection of records and documentation describing how the firm holds client money and assets. The purpose of creating and maintaining a Resolution Pack (as required by CASS 10) is to provide a readily available tool to assist any Insolvency Practitioner in locating and returning client money and assets quickly.

Unclaimed Client Money and Assets

Over the period we have continued to maintain an "Unclaimed Assets Account" based on those instances where we have been informed that the client is no longer at the address held on our records and that they have not placed a deal instruction for 12 years and not added or withdrawn funds for more than 6 years. We continue to undertake a quarterly audit to ensure this reconciles with our centrally maintained register. Grant Thornton are satisfied that our procedures in the maintenance of the account are in line with "good practice".

CASS Related FCA Notifications

It is the firm's responsibility to inform the FCA promptly of any issues that we may reasonably expect them to be interested in, over and above certain CASS related rules which if breached must be immediately notified to the FCA.

In the previous CASS report covering the period up to the 31st December, 2026, we detailed how it had been necessary to inform the FCA of how we had inadvertently transferred client money into the firm's bank account. We have not heard anything more from the FCA on this matter, over and above their standard initial acknowledgement.

27th July, 2026.