

There's been a lot a dialogue with Wealth on the ACO subject this last week or 2 with Tanushree on point for Wealth (cc'ed).

The approach we agreed with regard to WM clients needing GM product coverage is summarised below:

- Wealth will define a client perimeter with the central Mercury programme and assign ACOs to all those clients (including KCP)
- If ICG has it's own relationship with the client as well, then ICG will also have an ACO and the client would be green in the ICG perimeter
- If ICG does not have it's own relationship with the client, then the client would remain red in ICG - (importantly this **does not** mean the GM infrastructure will be closed as of course the GM business relationship remains green at the DB level by virtue of having an eligible ACO allocated)
- Where ICG input is required on client that are **red in ICG**, we are looking to Stefan/Louise approve that:
  - i. ICG people are allowed to take orders from Wealth people; and
  - ii. we will continue to have no ACO for the client and therefore Wealth will own the KYC entirely
- Believe Tanushree and team are working on the list?
- (To facilitate Katherine, we'd look to deploy a new flag in TF etc telling our guys they won't get dinged on these clients)

Shout with qs

thanks

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**From:** Katherine Stead

**Sent:** 19 July 2018 10:37

**To:** Aamir Akram [REDACTED]; Max Kleinert <[REDACTED]>

**Cc:** Clifford Fourie [REDACTED]; Oliver Bettin [REDACTED]; Iain Macara <[REDACTED]>

**Subject:** Family Office Initiative - Follow Up [I]

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Further to our call this morning, the following thoughts come to mind where we have a FO's being covered exclusively by KCP employees who are accessing GM systems:

- Who will be ACO for these clients (for co-covered clients we have a GM ACO, but this will not be the case for these clients)
- Does this initiative undermine the co-covered model which has been operating up until this point.
- How will KCP booked trades be identified?
- What S&A checks will be performed by KCP? Where will they be documented? Who in compliance will review? (markets or KCP)
- What will be the ongoing monitoring of trades executed by KCP?
- Do the KCP folks need to be subject to certain of the Markets supervisory controls?
- Do the KCP folks need to receive the same training (Compliance/Business) as Markets people

More fundamentally, I think the SLA needs to be reviewed and consider re-executing under the new management structure. Specifically Yanni Pipilis and Stefan Hoops need to be party to the agreement. Furthermore, if Yanni stated to Todd that KCP need to own the product (as opposed to client) appropriateness, then this is a fundamental change in what is currently drafted in the SLA.

I have cc'ed Iain who runs Mercury for Markets and can comment on the ACO situation.

Also cc Cliff who is the BM for our WIS desk who is familiar with the existing status quo and will be the point person for ICG.

Thanks.