MIFIDPRU 8 Disclosures

We are obliged by the MIFIDPRU rules to make a series of disclosures about risk management, governance arrangements, own funds, own funds requirements and remuneration.

8.2 Risk Management

Risk/Harm	**Management/Mitigation**
Asset management - investment decisions are unsuitable.	Investment decisions and recommendations are taken on a collegiate basis by highly qualified professionals. As a small firm we have a high degree of knowledge of each client; we review client portfolios quarterly and conduct a thorough review of the client's circumstances on an annual basis.
Holding client money - transactional errors	We recognise that transactional errors may arise from time to time, and we always put the client back in the position they had been in had the error not occurred. These amounts have historically been small (e.g. £3,000 maximum) and are easily met out of existing resources. There is some FX exposure risk following our change of custodian to WBS as we will be doing more FX ourselves. However, this is a small part of our business currently so the risks are low and reparation could again easily be met out of current resources.
Safeguarding and administration of assets	Assets are held via our Nominee subsidiary and are either held directly or by third parties to the order of our Nominees account. This has been a reliable mechanism for many years. We conduct an annual review of all of the custody arrangements and continue to be satisfied that they remain suitable. We recently moved custody of our Crest and overseas stocks to WBS from Redmayne Bentley. We mitigated the risk of a move by doing due diligence on the new custodian and speaking to other clients. WBS are a large company with their parent being regulated by the FCA so we believed the risks of migration are small. This was a one-off risk, time bound to a 2 day transfer period. As it happens, the transition went well and no risks materialised.
Client order handling	All orders are checked whilst placing. We have a very small amount of execution only orders to the extent that each order is handled on an individual basis. Potential increased deal error risk going forward as we employ more people capable of dealing and able to input deals. We will monitor this over the year to see how this plays out.
Other activity e.g. non-MiFID activity such as advising on pensions, insurance distribution activity and non-regulated activity.	Advisory Business carried out by John Holian. DB transfers make up a small proportion of John's advisory business, even so, it may be prudent to set aside additional funds in the case of a complaint.

Other risks from ongoing activities not already addressed, e.g. IT outage resulting in additional staff resources to catch up	We recognise that it is difficult to predict IT failures but when they do happen a considerable amount of additional staff time is required to catch up and ensure client services are resumed as soon as possible. However, home working worked well throughout the pandemic and could be resurrected without delay. We have an outsourced IT capability accessible 24 hours a day, we are also insured in the case of an IT outage.
Group - risks associated with being part of a group.	As a parent entity Pepperrell has its own holdings which have been scaled back significantly in recent months and does not pose a risk to MIM. The loan between Pepperrell and MIM does not pose a risk because Michael Furse is the ultimate owner and has no plans to recall the loan.
Other - PI insurance not in place	Due to the exponential rise in premiums for PI cover and in particular the lack of cover for the DB transfer market we have decided not to purchase PI insurance and feel that we would rather deal with any litigious issue in-house. We deem it necessary therefore to hold additional funds.
Concentration Risk	There is a risk that if Michael Furse were not available to the business for whatever reason his client base may well erode over a period of time. Therefore, we deem it necessary to hold additional funds for the sake of prudence.

8.3 Governance Arrangements

Our organisational structure and governance arrangements meet the standards of MIFIDPRU 7, namely, that we must have:

- clear organisational structure with well defined, transparent and consistent lines of responsibility
- effective process to identify, monitor, manage and report the risks the firm might be exposed to or might pose to others
- adequate internal control mechanisms including sound administration and accounting procedures.

A formal risk management function isn’t a requirement but the obligation to maintain sound governance rests with our management body, which has to be able to demonstrate compliance with the requirements on request.

Similarly, the requirements to establish risk, remuneration and nomination committees do not apply to us because our balance sheet assets are less than £100m.

All staff have clearly defined and documented job roles and responsibilities, and are aware of their relevant reporting line. Our organisational chart is in our Overview document and updated as necessary.

Delegation within the firm is appropriately supervised.

8.4 Own Funds

Composition of regulatory own funds			
	Item	**Amount (GBP thousands)**	**Source based on reference numbers / letters of the balance sheet in the audited financial statements**
1	**OWN FUNDS**	744	Page 12
2	**TIER 1 CAPITAL**	744	
3	**COMMON EQUITY TIER 1 CAPITAL**	744	
4	Fully paid-up capital instruments		
5	Share premium		
6	Retained earnings	744	
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments		
20	**ADDITIONAL TIER 1 CAPITAL**	0	
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	**TIER 2 CAPITAL**	0	
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

8.5 Own Funds Requirements

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
Flexible template - rows to be reported in line with the balance sheet included in the audited financial statements of the investment firm. Columns should be kept fixed, unless the investment firm has the same accounting and regulatory scope of consolidation, in which case the volumes should be entered in column (a) only. Figures should be given in GBP thousands unless noted otherwise.				
		a	b	c
		Balance sheet as in published/audited financial statements	**Under regulatory scope of consolidation**	**Crossreference to template OF1**
		As at period end	**As at period end**	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Fixed Assets	32		Note 14,15
2	Current Assets	836		Note 16
xxx	**Total Assets**	868		
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
1	Creditors	(123)		Note 17
2	Deferred taxation	(1)		Note 18
xxx	**Total Liabilities**	(124)		
Shareholders' Equity				
1	Equity	744		
xxx	**Total Shareholders' equity**	744		

Own funds: main features of own instruments issued by the firm
£1 Shareholder Equity (management owned).

Additional disclosures required under MIFIDPRU 8.5	
K-AUM + K-CMH + K-ASA requirement is	88
K-COH requirement	0
Fixed Overheads requirement	155
We assess the adequacy of our own funds and report to the FCA on a quarterly basis using the MIF001 report.	

8.6 Remuneration Code

Maunby operates a straightforward remuneration policy. Staff members receive the bulk of their remuneration via salary, which is reviewed annually. A discretionary bonus scheme operates for most colleagues, which pays a bonus based on profits in the year in question.

A minority of investment managers have separate remuneration schemes designed to align their interests with ours. These schemes operate on the basis of a profit share once certain targets of funds under management and profitability have been met and the individual in question has covered their costs and a modest margin for Maunby.

The structure of both schemes is gender-neutral, promotes sound and effective risk management and is in line with the firm's business strategy, objectives and long-term interests. We are confident that the scheme avoids conflicts of interest, encourages responsible business conduct and promotes risk awareness and prudent risk-taking.

Two members of staff have been identified as Material Risk Takers (MRTs). No severance payment has been awarded to an MRT. No variable remuneration is payable to MRTs. For beneficiaries of the main discretionary scheme, the proportion of fixed to variable has never been less than 85% of total remuneration, showing both an appropriate balance and a minimum ratio. For the minority schemes, the ratio between fixed and variable remuneration for these individuals could be lower, with a minimum level looking forward to June 2025 of 75%.

All remuneration policy is directly overseen by the management body (the Board). The next annual independent review will be carried out in the course of the next twelve months. Where variable remuneration is paid to beneficiaries of the discretionary scheme, financial and non-financial criteria are taken into account and the wider topic covered in their annual appraisal. As variable remuneration for the individual schemes is based on a surplus being generated that more than covers their costs, no variable remuneration would be payable unless they had generated that surplus. In other words, no profit, no bonus.