

# **Prudential Sourcebook for MIFID Investment Firms (MIFIDPRU) 8 Disclosures**

**Marlborough Group**

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# 1. Overview

## 1.1. Introduction

This document incorporates the public disclosures for the regulated entities of Marlborough Group Holdings Limited (“MGHL”, “Group”, “The Group” or “firm”) who are required to report as MIFIDPRU firms as of 30th September 2022.

Marlborough Group Holdings Limited (“MGHL”) is the unregulated parent company of entities regulated by the FCA – see structure chart below. The Group is not a Prudential Consolidation Group and has a Group Capital Test application lodged with the FCA.

The Group is comprised of three active Financial Conduct Authority (“FCA”) regulated entities as listed below:

### **Marlborough Investment Management Limited (“MIM”) trading as Marlborough**

Marlborough Investment Management offers a full discretionary management service to the whole range of IFA clients, known as our Managed Portfolio Solutions service, via our partnership with third party platforms. MIM is also the appointed Investment Manager of a number of UK & European UCITS Funds. MIM is authorised and regulated by the Financial Conduct Authority, FCA number 115231.

### **Investment Fund Services Limited (“IFSL”)**

Investment Fund Services Limited acts as Authorised Corporate Director (ACD)/ Authorised Fund Manager (AFM) providing sponsors with help in all aspects of fund operation services, including management, oversight, and distribution to advisers, asset managers and other organisations in the financial services sector. IFSL is authorised and regulated by the Financial Conduct Authority, FCA number 464193.

### **Marlborough Select Platform Limited (“MSPL”) trading as Select Platform.**

MSPL offers Platform services and support to advisers and their clients. MSPL is authorised and regulated by the Financial Conduct Authority, FCA number 756360.

### **Basis of Disclosure**

This MIFIDPRU 8 Disclosure is required by Investment Firms Prudential Regime (“IFPR”) contained in the FCA’s Prudential Sourcebook for MiFID Investment Firms (MIFIDPRU) Handbook and is required for regulated entities who are in scope of the UK Markets in Financial Instruments Directive (“MiFID”). This applies proportionately to firms who fall into one of two categories; small and non-interconnected (SNI) Firms; or non-SNI Firms.

As an unregulated parent entity MIFIDPRU does not directly apply to Marlborough Group Holdings Limited. As parent of the Group, MGHL has filed an application for a Group Capital Test ("GCT") with the FCA and the firm does not operate as a prudential consolidation group. This means that the MIFIDPRU requirements are applied on the prudential basis of each regulated entity individually and not as a consolidated Group.

- **Marlborough Investment Management Limited** meets the definition of MiFID Investment Firms is categorised as a non-SNI Firm;
- **Marlborough Select Platform Limited** meet the definition of MiFID Investment Firms is categorised as a SNI Firm; and
- **Investment Fund Services Limited** is not a MiFID Firm, therefore, the requirements of MIFIDPRU are not applicable to this entity.

The Group operational and support functions are managed on a single business basis, with Group Shared Services providing due support to the interdependencies between the legal regulated entities. The firm also operates under a Group Risk Management governance framework. As a result, the qualitative disclosures provided here are consistent across all Group legal entities and, unless specified otherwise, are applicable across the Group.

## 1.2. Frequency of Disclosure

Disclosure requirements for MIM and MSPL will be published annually in line with the Statutory Accounts reporting and the audit deadline of these entities.

All figures provided are as at the Group and Solo Entities financial year end of 30th September.

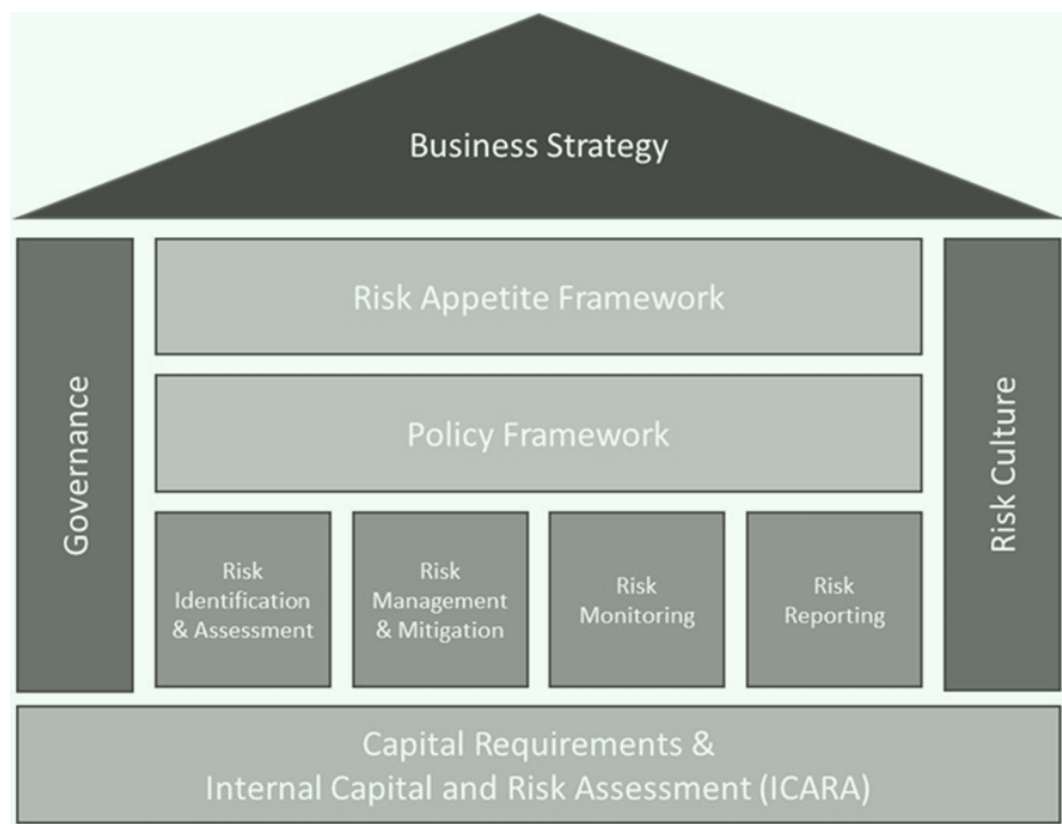
## 1.3. Verification of Disclosure

This disclosure document has been subject to internal review and approval to ensure compliance with the regulatory requirements of MIFIDPRU 8. The document is reviewed by the Group Executive Risk and Compliance Committee ("GERC") and the applicable (**MIM and MSPL**) entities' Boards of Directors prior to publication.

## 2. Risk Management Objectives and Policies (MIFIDPRU 8.2)

### 2.1. The Enterprise Risk Management Framework(“ERMF”)

The ERMF defines the risk management process and enables effective risk ownership and management of risk within appetite. The ERMF includes the firm’s objectives, mandate, and commitment to manage risk, the organisational arrangements that include plans, relationships, accountabilities and responsibilities, resources, processes, and activities, and that the framework is embedded within our overall strategic and operational policies and practices, to provide direction to Directors, Managers and staff, as described in figure below:



*Enterprise Risk Management Framework*

Note: Only certain entities must implement an ICARA process. All the other entities will define their capital requirements in line with their regulatory obligations.

The following Risk Management principles are included within the ERMF:

#### 2.1.1. The Three Lines Model

The Marlborough Group Enterprise Risk Management operating structure follows a Three Lines Model that ensures clear accountability and that risks are identified, managed, monitored, and reported through a robust process.

## 2.1.2. Risk Appetite

For each identified risk, a Risk Appetite Rating (“Low”, “Medium”, or “High”) is defined, and a Risk Appetite Statement (describing the appetite in more detail) is drafted. in line with the Strategic plan for the operating entity. Risk Appetite Ratings and Statements are agreed and signed off by the Group and Entities Boards and define the boundaries within which the Group and each entity is prepared to accept a certain risk in pursuit of their objectives. The Rating and the Statements are supported by qualitative and/or quantitative metrics. These measures are compared against pre-defined thresholds to assess if the risks are within or without tolerance.

Risk Appetite is articulated in line with the Risk Taxonomy and as follows:

Level 1 Risk Appetite is set consistently across the Group and its operating entities.

The Level 1 Risks are:

Risk Type	Risk Definition	Risk Appetite Statement
<b>Strategic Risk</b>	<p>Strategic Risk is defined as the risk resulting from:</p> <ul style="list-style-type: none"> <li>• Incorrect assumptions about internal or external operating environments resulting in poor design and delivery of the Strategic Plan;</li> <li>• Failure to respond or the inappropriate strategic response to material changes in the external or internal operating environment;</li> <li>• Failure to understand the potential impact of strategic responses and business plans on existing risk types.</li> </ul>	<p>Risk Appetite: Medium.</p> <p>The Group has an overall medium appetite to achieving its strategic aims with a focus on increasing Assets under management providing clients and investors an above average return is at the heart of the organisation. We seek to offer the very highest standards of fund hosting which is balanced against an ambitious transformational agenda. We seek innovation and expansion in a controlled manner being specifically cautious with regards to reputation and sustainability.</p>
<b>Balance Sheet Risk</b>	<p>Balance Sheet Risk is the risk of impact on the company of exposure to credit, market, and liquidity (including capital) risk. This is defined as our exposure to wider market conditions and our inability to meet any financial obligations in a timely manner, or suffer losses caused by counterparty defaults.</p>	<p>Risk Appetite: Low.</p> <p>The Group has a minimal appetite for any exposure to balance sheet risk, ensuring that any risk to meeting financial obligations and capital holding requirements is minimised. All counterparty default risks are assessed and mitigated as much as reasonably possible.</p>

Risk Type	Risk Definition	Risk Appetite Statement
Operational Risk	Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events impacting our normal flow of business processes, reputation, and profitability.	Risk Appetite: Low.
		Whilst we aim to run the firm safely, minimising errors and losses as far as reasonably possible, it is accepted that incurring some level of operational loss is inevitable. Our operational risk loss appetite is quantified by our operational loss tolerance and aligned to the expected operational risk capital holding for each entity within the wider Group.
Conduct Risk	Conduct Risk is the risk of investor detriment across the investor lifecycle including inadequate remuneration arrangements, failure in product management, distribution, and servicing activities, from other risks materialising or other activities which could undermine the integrity of the market or distort competition leading to unfair investor outcomes, regulatory censure, reputational damage, or financial loss.	Risk Appetite: Low.
Compliance Risk	Compliance Risk is the risk we might fail to comply with legal or regulatory requirements, rules, standards, or codes of conduct. Such failure may lead to breaches of regulatory requirements, organisational standards or customer expectations and could result in legal or regulatory sanctions, material financial loss or reputational damage.	We expect our staff to adhere to high standards of conduct, act with integrity and strive for excellence in the work they perform and the outcomes they achieve. At all times, we promote a positive culture of governance, collaboration, investor focus and achievement among all our staff through communication of MGHL's purpose and values, policies and procedures, monitoring and assurance activities, staff training, appropriate remuneration structures and the annual appraisal process.
		Risk Appetite: Low.
Compliance Risk	Compliance Risk is the risk we might fail to comply with legal or regulatory requirements, rules, standards, or codes of conduct. Such failure may lead to breaches of regulatory requirements, organisational standards or customer expectations and could result in legal or regulatory sanctions, material financial loss or reputational damage.	The Group has no appetite for any breach, and we will at all times seek to achieve and maintain compliance with all relevant regulatory and legal requirements, however it is acknowledged that unintentional breaches may occur which will be remediated when they transpire.

**Level 2** Risk Appetites are set according to the strategy of each individual operating entity.

**N.B** Concentration Risk is not relevant for **MIM and MSPL**.

### 2.1.3. Risk Policies

To further support the ERMF, we have a suite of Risk Policies for each Level 1 Risk under our Risk Taxonomy. Each Policy defines our principles, rules, and guidelines to achieve our strategy in relation to the risk type.



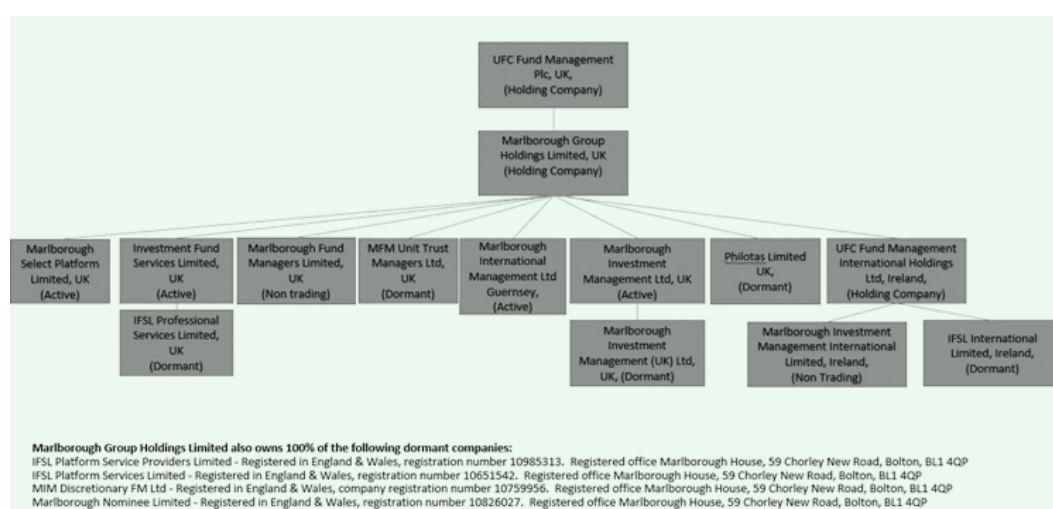
## 3. Governance Arrangements (MIFIDPRU 8.3)

### 3.1. Overview

#### 3.1.1. Introduction

The following arrangements are accurate as at 30 June 2023.

The Marlborough Group is formed of 4 active entities, both UK and International. The UK entities follow a Group Corporate Governance Framework which has been embedded throughout the business. The full organisational structure chart is as follows:



#### 3.1.2. Application

MIFIDPRU 8 Disclosure is required by Investment Firms Prudential Regime (“IFPR”) contained in the FCA’s Prudential Sourcebook for MiFID Investment Firms (MIFIDPRU) Handbook and is required for regulated entities who are in scope of the UK Markets in Financial Instruments Directive (“MiFID”).

This applies proportionately to firms who fall into one of two categories; small and non-interconnected (SNI) Firms; or non-SNI Firms.

The requirements of MIFIDPRU 8.3 are applicable to Non-SNI Firms only. As the only non-SNI entity of the Group this section focuses on the governance arrangements of **MIM**. However, the Group governance arrangements are proportionately applicable to all entities in the Group and all entities are committed to maintaining a high standard of corporate governance. These are led by individual Boards and Executive Committees within **MIM**, **IFSL** and **MSPL**, in addition to the Group governance structure detailed below.

## 3.2. Governance Arrangements for Marlborough Investment Management (Non-SNI Firm)

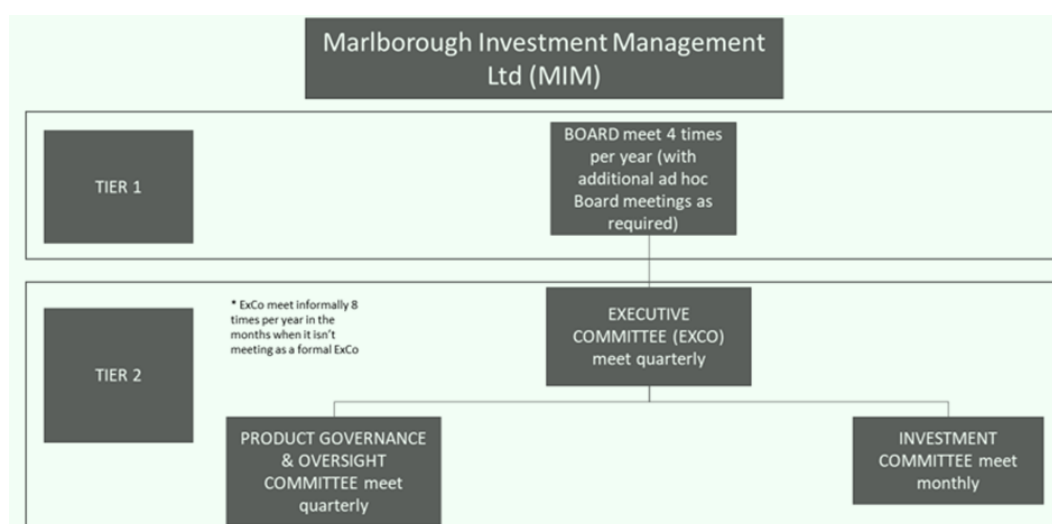
Marlborough Investment Management Limited is a wholly owned subsidiary of Marlborough Group Holdings Limited. **MIM** was incorporated on 16 September 1985 and its principal activity is the management of discretionary investment portfolios on behalf of companies, trusts, pension funds and private individuals. **MIM** is directly regulated by the FCA.

### 3.2.1. The Marlborough Investment Management Limited Board of Directors

The **MIM** Board is committed to maintaining a high standard of corporate governance and believes that a sound corporate governance framework enables efficient and effective decision making with clear accountabilities, contributing to achieving objectives and delivering long-term and sustainable value to its customers and shareholders.

The responsibilities of the Board include promoting the long-term sustainable success of the Company, establishing the Company's purpose, values and strategy, and satisfying itself that these, and its culture, are aligned. The Board provides leadership, and ensures that the necessary resources are in place, to put these objectives into effect; supervising the management of the business; and reporting to shareholders on their stewardship. In addition, the Board ensures effective engagement with, and encourages participation from, its shareholders and other stakeholders. The Boards' actions are subject to laws, regulations, and the direction of the shareholders whose role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place.

The following chart shows the current governance structure of **MIM**:



The **MIM** Board operates within the guidelines of the Board Terms of Reference and Articles of Association. It is comprised of suitably skilled and experienced individuals who collectively have sufficient knowledge and understanding of all its company's markets and products to be able to discharge all their responsibilities in an effective, efficient, and compliant manner. The Directors hold Senior Management Functions or are Notified Non-Executive Directors under the SM&CR for regulatory purposes and are required to act in accordance with the principles issued by the FCA.

The Group have implemented a Conflicts of Interest policy, which is adhered to by all Group Directors, with the Conflicts of Interest Register being owned by the Group Company Secretary. At each Board and Committee meeting, the Chair invites any new Declarations to be disclosed.

The **MIM** board is made up of Independent Non-Executive Directors, Non-Executive Directors, and Executive Directors.

The members of **MIM** Board together with the number of directorships held outside of the Group are as follows:

Name	SMF/Role	Number of other Directorships held outside of the Group
David Kiddie	SMF 9 - Chair/Independent Non-Executive Director	1
Simon Ellis	Independent Non-Executive Director	6
Andrew Staley	Non-Executive Director	3
Richard Goodall	SMF 1 and SMF 3 CEO/Executive Director	1
Dom Clarke	SMF 3 - Group Finance Director	0
Sheldon Macdonald	SMF 3 - CIO/Executive Director	0

Details of the directorships held of UK registered entities can be found here: [Find and update company information - GOV.UK \(company-information.service.gov.uk\)](https://www.gov.uk/company-information/service.gov.uk)

### 3.2.2. The Marlborough Investment Management Limited Executive Committee

The **MIM** Board has delegated to the CEO the management of MIM on a day- to-day basis subject to, Matters reserved for Decision by the Board and other matters which have been delegated by the Board to its committees. The CEO also has specific responsibilities under the Senior Managers and Certification Regime.

The CEO reports regularly to the Board with appropriate, timely and quality information so that the Directors can discharge their responsibilities effectively. The role of the CEO includes the leadership of their respective businesses and the development and implementation of strategy. Their specific responsibilities are defined in their Statements of Responsibility.

The CEO has in turn delegated certain of their responsibilities to their direct reports and sub-executive committees to assist the CEO in their decision-making or to monitor certain activities.

The **MIM** Executive Committee was made up of the following members and attendees as at 30 June 2023.

Name	Role
Richard Goodall	SMF 1 and SMF 3 - Chair/CEO
Martin Ratcliffe	Group Distribution
Nick Peters	Investment Advisor
Sheldon Macdonald	SMF 3 - CIO
Dom Clarke	SMF 3 – CFO
Kris Nuttall	Associate Director – Projects & Change Management
Nikesh Ganatra	SMF 16 and 17 - Compliance Officer
Norah Burns	Head of Legal and Company Secretary
Max Zorza	CRO
Ian Bingham	Head of Internal Audit

### 3.2.3. Executive Sub Committees

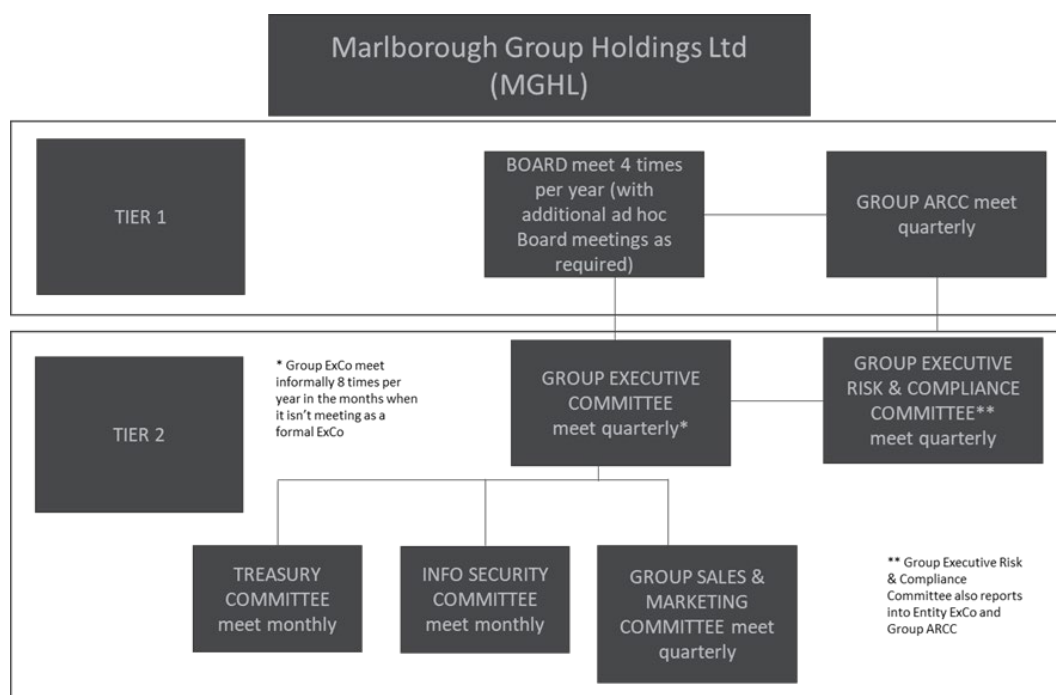
The **MIM** Executive Committee has two sub committees: MIM Product Governance & Oversight Committee and the MIM Investment Committee.

The oversight responsibilities of each subcommittee are outlined below:

Sub Committee	Purpose and Objective
<b>MIM</b> Product Governance & Oversight Committee	<p>To assist the Executive Committee by recommending and documenting two Frameworks;</p> <ul style="list-style-type: none"> <li>▪ a Product Governance Framework; and</li> <li>▪ a Delegate Oversight Framework and ensures that a regular review of the Frameworks takes place.</li> </ul> <p>The Committee also provides assurance to the MIM Executive Committee that products are delivering good outcomes for investors and delegates are meeting expectations.</p>
<b>MIM</b> Investment Committee	To assess and oversight the management of MIM's investment products and services.

### 3.2.4. Group Board Committees affecting MIM

The following chart shows the governance structure of **MGHL**, whereby the Group Audit, Risk and Compliance Committee (ARCC) is a Tier 1 Board Committee. **MIM** is represented at ARCC by the Risk, Compliance, Internal Audit functions and the MIM Independent Non-Executive Directors:



### 3.2.5. Group Executive and Sub Executive Committees affecting MIM

**MGHL** has established two Group Executive Committees, with a further four sub-committees (three of which impact to **MIM**). The roles and delegated authority of these committees is detailed in each of the committees' Terms of Reference, which also set out the specific membership requirements for each committee.

Committee members, which are made up of representation from MIM, are expected to attend all meetings of the committees of which they are members unless there are exceptional circumstances that prevent them from so doing.

Group Executive Committees	Purpose and Objective
Group Executive Committee	<p>Established as a committee, chaired by the Group CEO to support senior management in overseeing day to day business of the company. It supports the Group Board in its following purpose and objectives:</p> <ul style="list-style-type: none"> <li>managing the business and affairs of the company and setting its strategy with a view to achieving its long-term success and the delivery of sustainable value to shareholders.</li> </ul>

Group Executive Committees	Purpose and Objective
	<ul style="list-style-type: none"> <li>ensuring that the company operates within a framework of prudent and effective controls which enables risk to be assessed and with appropriate resources to ensure that it provides products and services which have investor interests at their core.</li> <li>developing and implementing of the company's, culture, values and standards and ensures that its conduct and obligations towards its investors, shareholders, counterparties, regulators and others are understood and met.</li> </ul>
Group Executive Compliance & Risk Committee	<p>Supports the Group ARCC and reports into the Group and Entities Boards and ExCos, removing the need for separate Executive Risk Committees across the entities. The Committee's purpose and objectives are as follows:</p> <p>The purpose of the Committee is to assist the Group Executive Committee by overseeing the Enterprise Risk Management Framework, and the Compliance Framework for the Group, including identifying new risks, monitoring existing risks and ensuring policies and procedures are in place to suitably manage those risks.</p>
Group Sub Executive Committees	Purpose and Objective
Group Treasury Committee	<p>Established as a committee to support senior management and the Board by creating operational Treasury Policies within the overall policy framework established by the Board and, where required, approve Treasury transactions and counterparties throughout the Group including all Group Companies. This Committee also considers Cash Management across the Group.</p>
Group Information Security & Data Protection Committee	<p>Established to report Management Information relating to the Group Data Protection and Information Security Function and recommend and implement operational policies to the UK based companies within the Group.</p>
Group Sales & Marketing Committee	<p>Sets the Group Sales and Marketing Strategy with a view to achieving long-term success and the delivery of sustainable value to shareholders. The purpose and objectives are:</p> <ul style="list-style-type: none"> <li>setting the Group Sales and Marketing Strategy with a view to achieving long-term success and the delivery of sustainable value to shareholders;</li> <li>considering content for Group Marketing and Sales Plans, sales activity and the prioritisation of Group Sales and Marketing resources; and</li> <li>maintaining the Group's culture, values and standards and ensuring that conduct and obligations towards its investors, counterparties, regulators, and others are understood and met.</li> </ul>

### 3.3. Group's Approach to Diversity

The **Group** operates an Equality, Diversity and Inclusion Policy (ED&I) which sets out the Group's approach to diversity and inclusion. The policy applies to all employees but also to a wider group including secondees, agency staff, contractors, and other stakeholders. The Group commits not to discriminate on grounds of any protected belief and to build a culture that values meritocracy, openness, fairness, and transparency.

The **Group** has also established an Equality, Diversity and Inclusion Committee to support senior management in embedding diverse and inclusive practices, policies, and culture across the group. The Committee objectives include:

- to ensure that all policies are reflective, and encompassing of ED&I practices, and are inclusive to all;
- to seek information from employees of the Group to support a wide range of initiatives, strategies, and processes; and
- to ensure that ED&I is engrained within the Group's mission, values, and culture.

Part of the ED&I Committee's responsibility is to support the development of appropriate strategies and action plans that enable the Group to create a diverse and inclusive workplace. That includes steps to promote diversity at a senior level within the management body.

## 4. Own Funds (MIFIDPRU 8.4)

Through our ICARA process we determine own funds and liquidity requirements using the entities' latest audited figures and capital adequacy position.

### 4.1. Composition of MIM funds as at 30 September 2022:

Marlborough Investment Management Limited		Amount (£k)	Per audited financial statements
1	OWN FUNDS	11,454	
2	TIER 1 CAPITAL	11,454	
3	COMMON EQUITY TIER 1 CAPITAL	11,552	
4	Fully paid up capital instruments	3,185	Note 15 - Page 20
5	Share premium	-	
6	Retained earnings	8,367	Statement of changes in equity - Page 11
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FROM EQUITY TIER 1	(98)	
12	Intangible assets	(98)	
13	Goodwill	-	
14	Foreseeable dividends	-	
15	CET 1: Other capital elements, deductions and adjustments	-	
16	ADDITIONAL TIER 1 CAPITAL	-	
17	Fully paid up, directly issued capital instruments	-	
18	Share premium	-	
19	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
20	Additional Tier 1: Other capital elements deductions and adjustments	-	
21	TIER 2 CAPITAL	-	
22	Fully paid up, directly issued capital instruments	-	
23	Share premium	-	
24	(-) TOTAL DEDUCTIONS FROM TIER 2	-	



Marlborough Investment Management Limited		Amount (£k)	Per audited financial statements
25	Tier 2: Other capital elements, deductions and adjustments	-	
Public or private placement		Private	
Instrument type		Ordinary shares - A, B, C	
Amount recognised in regulatory capital		3,185,000	
Issue price		1	
Accounting classification		Share capital	
Original date of issuance			
Perpetual or dated		Perpetual	
Maturity date		N/A	
Issuer call subject to regulatory approval		N/A	
Option call date, contingent call dates and redemption amount		N/A	
Subsequent call dates		N/A	
Coupon/dividends		Discretionary dividends	
Fixed or floating dividend/coupon		N/A	
Coupon rate and any related index		N/A	
Existence of a dividend stopper		N/A	
Convertible or non-convertible		N/A	
Write-down features		N/A	
Link to the terms and conditions of the instrument		N/A	

#### 4.2. Composition of MSPL funds as at 30 September 2022:

Marlborough Select Platform Limited		Amount (£k)	Per audited financial statements
1	OWN FUNDS	1,137	
2	TIER 1 CAPITAL	1,137	
3	COMMON EQUITY TIER 1 CAPITAL	1,137	
4	Fully paid up capital instruments	3,000	2m new £1 shares have been issued post-year end at par, total additional capital £2m
5	Share premium	-	
6	Retained earnings	(1,863)	
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FROM EQUITY TIER 1	-	
12	Intangible assets	-	

Marlborough Select Platform Limited		Amount (£k)	Per audited financial statements
13	Goodwill	-	
14	Foreseeable dividends	-	
15	CET 1: Other capital elements, deductions and adjustments	-	
16	ADDITIONAL TIER 1 CAPITAL	-	
17	Fully paid up, directly issued capital instruments	-	
18	Share premium	-	
19	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
20	Additional Tier 1: Other capital elements deductions and adjustments	-	
21	TIER 2 CAPITAL	-	
22	Fully paid up, directly issued capital instruments	-	
23	Share premium	-	
24	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
25	Tier 2: Other capital elements, deductions and adjustments	-	
Public or private placement		Private	
Instrument type		Ordinary shares	
Amount recognised in regulatory capital		3,000,000	
Issue price		1	
Accounting classification		Share capital	
Original date of issuance			
Perpetual or dated		Perpetual	
Maturity date		N/A	
Issuer call subject to regulatory approval		N/A	
Option call date, contingent call dates and redemption amount		N/A	
Subsequent call dates		N/A	
Coupon/dividends		Discretionary dividends	
Fixed or floating dividend/coupon		N/A	
Coupon rate and any related index		N/A	
Existence of a dividend stopper		N/A	
Convertible or non-convertible		N/A	
Write-down features		N/A	
Link to the terms and conditions of the instrument		N/A	

## 5. Own Funds Requirements (MIFIDPRU 8.5)

### 5.1. MIM K-factor Requirements and Fixed Overheads Requirements (“FOR”)

Marlborough Investment Management Limited		£k
KFR	K-AUM, K-CMH and K-ASA	1,226
	K-DTF and K-COH	-
	K-NPR, K-CMG, K-TDC and K-CON	-
FOR + additional wind down	FOR	2,066
	Additional wind down	3,253
		5,319

### 5.2. MSPL Permanent Minimum Capital Requirements (“PMR”) and Fixed Overheads Requirements (“FOR”)

Marlborough Select Platform Limited		£k
PMR		75
FOR + additional wind down	FOR	322
	Additional wind down	476
		798

### 5.3. ICARA Process

Under the FCA’s Investment Firms Prudential Regime (“IFPR”) regime;

- **Marlborough Investment Management Limited** is classified as a “Non-Small and Non-Interconnected” (“non-SNI”) firm.
- **Marlborough Select Platform Limited** is categorised as a Small and Non-Interconnected” (“SNI”) firm.

**MIM and MSPL** have, as the MiFID firms within the Group, considered the rules laid down in MIFIDPRU, together with an assessment of the business-based risks and confirm that the entities hold adequate capital to comply with the Overall Financial Adequacy Rule and for the size and complexity of these entities.

The **firm** confirms that it has carried out adequate stress testing to cover the risks and harms, it has identified that these are appropriate to the size and complexity of our business, and that the firm has accrued sufficient capital and liquidity to cover the impact of these scenarios.

The **firm** has created both Recovery Plans and a Wind Down Plans, which consider both;

- quantitative recovery planning and wind down drivers, and
- qualitative wind down assessment considering the services and resources required to wind down in an orderly fashion.

The **firm** will review its capital and liquidity, in conjunction with its ICARAs, on an annual basis. In addition, the firm will make a monthly assessment of its capital and liquidity resources and monitor its threshold requirements and include the output within each quarters' Boards, Executive Committees and ARCC Management Information (MI) Packs

## 5.4. Recovery Planning

Recovery planning is performed so appropriate recovery actions are identified and, if necessary, the Group could take actions to restore own funds and/or liquid resources to avoid breaching threshold requirements. Triggers have been identified that may suggest a credible risk of firm breaching the threshold requirements and would trigger the Board to consider implementing the recovery actions.

## 5.5. Wind-Down Requirement

Several wind-down scenarios were considered, the scenarios with the largest impact on capital were then taken.

### 5.5.1. MIM wind-down scenarios

**MIM** scenarios considered include:

- Market falls or fund outflows resulting in a fall in assets under management – 20% fall (considered a realistically plausible scenario), the firm remains profitable and there would be no further demand for capital.
- Market falls or fund outflows resulting in a fall in assets under management – 50% fall (considered to be an extreme scenario), capital requirement below the capital requirement in scenario considered.
- Regulatory breach or similar material triggering event resulting in immediate significant loss of AUM and no feasible return to profitability – This is the scenario that has been further considered for calculation for the wind down.
- Loss of key client – Considered the impact of the loss of MIM's largest client, Investment Fund Services Limited. Capital impact assessed over the first 12 months shows that the capital requirement is lower than it would be under the scenario considered for wind down. This would leave the company sufficient time to make a decision to reduce costs further or make alternative changes to its business plan or commence an orderly wind down. The impact on capital of 12 months' trade following loss of key client is included in the assessment of capital requirement under 7.1.4 Other Harms.

In addition, **MIM** have considered a number of one-off events that would impact on capital held by the business:

- Regulatory breach resulting in regulatory fine – Capital required for this has been included in the scenario considered.

- Dealing error required to be rectified.
- Cyber security breach required to be rectified.

**MIM** have held capital for the largest of these, being the maximum plausible regulatory fine that would be incurred by the business.

#### 5.5.2. MSPL wind-down scenarios

**MSPL** scenarios considered include:

- Liabilities falling due before receipt of additional liquid assets being generated.
- Sales at 20% of forecast level.
- Market falls 20% throughout year.
- No sales by key client – Considered the impact of no activity by MSPL's largest client.

In addition, **MSPL** have considered a number of one-off events that would impact on capital held by the business:

- Regulatory breach resulting in regulatory fine – Capital required for this has been included as the maximum plausible regulatory fine that would be incurred by the business.
- Cyber security breach required to be rectified.

**MSPL** have held capital for accumulated factors in extreme scenarios.

## 6. Remuneration Policy and Practices (MIFIDPRU 8.6)

### 6.1. Remuneration Policies and Practices

Our Remuneration Policy records the remuneration policy for the Group.

It applies to **MGHL** and its subsidiary companies, including **Marlborough Investment Management Limited (MIM)**, **Investment Fund Services Limited (IFSL)** and **Marlborough Select Platform Limited (MSPL)** (together, the “Group”). **MIM**, **IFSL** and **MSPL** are authorised and regulated by the FCA.

The **Group** has adopted the Remuneration Policy in accordance with the requirements of MiFID (Directive 2014/65/), the UCITS Directive (Directive 2014/91/EU of 23 July 2014) and the AIFM Directive (Directive 2011/61/EU of 8 June 2011), in each case, as on-shored into the UK under the European Union (Withdrawal) Act 2018 (“EUWA”), and the requirements of the UK Investment Firms Prudential Regime (IFPR), as well as the Remuneration Codes set out by ESMA (as on-shored into the UK under EUWA) and in Chapters 19B, 19E and 19G of the FCA’s SYSC Handbook.

The Policy also complies with the Investment Association’s Principles of Remuneration.

#### 6.1.1. Decision-making process for the remuneration policy

Given the size and nature of the business, the Boards of **IFSL**, **MIM** and **MSPL**, in their supervisory capacity, are responsible for overseeing and approving the Remuneration Policy and associated remuneration and reward processes and practices, subject to the approval and direction of the Group’s ultimate principal shareholder.

Neither **MGHL** nor any subsidiary entity within the Group are currently required to appoint a Remuneration Committee. Those entities within the Group which are subject to IFPR are subject only to the basic and standard requirements (MIFIDPRU 7.1.4R).

#### 6.1.2. Line 1 responsibilities

Any proposals regarding variable and fixed remuneration of Remuneration Code Staff within Line 1 are made by the relevant line managers and are subject to approval by nominated individual members of the Board of Directors of the relevant Group company, subject to the approval and direction of the Group’s ultimate principal shareholder.

#### 6.1.3. Line 2 responsibilities

The Policy owner, together with Risk and Compliance, shall make an annual assessment and review of the Policy and remuneration practices to ensure they are consistent with sound and effective risk management.

#### 6.1.4. Line 3 responsibilities

The Internal Audit function shall independently assess the remuneration system to ensure it complies with the Remuneration Policy on a frequency to be agreed from time to time by the Board.

## 6.2. Remuneration Policy Principles

The key principles of the Group's remuneration policy are outlined in the table below.

Key principle	Description
Alignment with our culture and growth strategy	<ul style="list-style-type: none"> <li>Aligned with our purpose, principles and strategy, promoting our culture, and long-term sustainable value creation.</li> </ul>
Supporting talent attraction and retention	<ul style="list-style-type: none"> <li>Market competitive base salaries and benefits which reflect the size and complexity of the business and experience of individuals in each role.</li> <li>To recognise and reward strong performance and individual contribution linked to financial and non-financial performance.</li> </ul>
Simple and transparent	<ul style="list-style-type: none"> <li>Approach to reward that is well understood.</li> </ul>
Good governance and risk management	<ul style="list-style-type: none"> <li>Following good corporate governance and regulatory requirements.</li> <li>In line with the Company's risk appetite and risk management framework.</li> </ul>

## 6.3. The Link Between Pay and Performance

The structure of remuneration for all **MGHL** employees is designed to be in line with the Group's business strategy, taking account of any conflicts of interest and the existing and future capital requirements of the business.

It typically consists of both fixed pay and variable remuneration.

Remuneration is based on the following factors:

- Fixed remuneration, based on market rates and the experience and skill of the individual.
- Variable remuneration that is discretionary and in respect of Remuneration Code Staff involves assessment of the performance of the individual, the financial performance of the Group, the performance of the Group's Funds, the performance of the relevant business unit, including an assessment of longer-term performance, and which is adjusted for risks. The Group will consider performance over a multi-year framework which takes account of relevant business cycles.
- Individual performance assessment will not solely relate to financial criteria but will also include compliance with regulatory obligations, adherence to effective risk management, adherence to the Group's Code of Conduct, and adherence to the Group's business principles and policies, including a consideration of relevant factors in respect of ESG and diversity and inclusion.

- The measure of the Group's financial performance is based principally on net profits and not revenue or turnover.
- Long-term variable incentives are aligned to the Group's strategic objectives.
- The reduction or cancellation of any variable remuneration in the case of an individual's underperformance.

The Group recognises the need to maintain an appropriate balance between fixed and variable remuneration, with the fixed element being set at a sufficient level to ensure that the variable remuneration can be awarded in a fully flexible manner, including the possibility of paying no variable remuneration.

Considering the complexity of the Group's business activities, the risks which it faces, its ownership structure, and the impact of the Group's remuneration structure on those risks, the Group has determined that variable remuneration paid to Remuneration Code Staff should not exceed 200% of fixed remuneration in any performance year.

Where the Group proposes in exceptional circumstances to apply a higher ratio in respect of an individual Material Risk Takers ("MRT") in any one performance year it may do so only with the prior approval of the Group's ultimate principal shareholder.

## **6.4. Equity-Based Remuneration**

The Group's remuneration policies and strategy include the potential for employees to participate in equity ownership through long term incentive schemes. This gives the Group the ability to link an element of an employee's overall remuneration to the longer-term performance of the individual employee, and to the Group's longer-term performance against its strategic objectives.

## **6.5. Remuneration Code Staff**

The Policy will apply to the fixed and variable (if any) remuneration of all employees of the Group. Certain aspects of this Policy apply only to identified Remuneration "Code Staff".

The identified Remuneration Code Staff are those whose professional activities have a material impact on the risk profile of the Group, including:

- Senior management;
- Material risk takers (reviewed/identified annually);
- Staff engaged in control functions; and
- Any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and material risk takers.

In considering the identification of material risk takers, the Group takes into account all categories of risk, including operational, market, conduct and reputational risks.

The Group considers that individuals can be Remuneration Code Staff notwithstanding that they are not directly employed by the Group.

The Group maintains a list of Remuneration Code Staff. Each individual has been notified of their status as Remuneration Code Staff.



## 6.6. Quantitative Remuneration Information

The requirements of MIFIDPRU 8.6 are applicable proportionately to SNI Firms and Non-SNI Firms only.

### 6.6.1. Quantitative Remuneration Information – MIM (Non-SNI Firm)

During the year ending 30 September 2022, **MIM** had a total of 8 members of staff classified as material risk takers (2021: 8), including all members of the **MIM** Executive Committee.

MRTs received aggregate remuneration of £1,264k (2021: £1,072k), of which £781k was fixed remuneration. Remuneration figures provided include the total remuneration received employees classified as MIM MRTs for services provided across the Group.

The total remuneration for the financial year ended 30 September 2022 includes deferred variable remuneration of £222k.

The total remuneration for the financial year ended 30 September 2022 for 'other' **MIM** employees £3,226k, of which £2,585k was fixed remuneration.

No individuals received in excess of €1m in the last financial year (2021: None).

### 6.6.2. Quantitative Remuneration Information – MSPL (SNI Firm)

The total remuneration for the financial year ended 30 September 2022 for **MSPL** employees was £550k, of which £504k was fixed remuneration.