

MIFIDPRU Disclosures

Thompson Taraz Depositary Limited - For the year ended 31 March 2024.

Summary

Thompson Taraz Depositary Limited (the 'Firm') is authorised and regulated by the Financial Conduct Authority (the 'FCA').

The Firm has permissions to conduct Markets in Financial Instruments Directive ('MiFID') activities and, as such, is required to maintain regulatory capital and liquidity at all times in compliance with the Investment Firm Prudential Regulation ('IFPR') and the FCA's Prudential Sourcebook for MiFID Investment Firms ('MIFIDPRU').

Application of Disclosure Requirements

The Firm has produced this public disclosure in line with the rules and requirements of MIFIDPRU 8, as applicable to Non-SNI firms.

The Firm has adopted the FCA's transitional provisions for disclosure requirements contained in MIFIDPRU TP12, which require the Firm to disclose information relating to Governance, Own Funds and Own Funds Requirements.

Frequency of Disclosures

These disclosures will be published at least once a year following approval of the Firm's Internal Capital Adequacy and Risk Assessment ("ICARA"), and alongside publication of the Firm's annual accounts. The disclosure may be updated more frequently in the event of a material business change.

This disclosure has been prepared based on the audited financial statements as at 31st March 2024, covering the period from 1 April 2023 to 31 March 2024.

Structure

Thompson Taraz Depositary Limited ("TTDL") and Thompson Taraz Managers Limited ("TTML") (together, the "Firms") are regulated firms within Thompson Taraz group ("TT"). The TT group also includes TT Shared Services Limited ("TTSS") and Thompson Taraz Group plc ("TTGL"). TTSS serves as the group's employer and group management services provider and TTGL is the parent holding company.

TTDL's principal business is to act as a depositary for private equity and real estate alternative investment funds and provide custodian and administration services. TTDL is approved to hold client money and assets. Under IFPR and MIFIDPRU, the Company has been classified as a Non-Small Non-Interconnected ('Non-SNI') firm.

TTML's principal business is to act as manager for alternative investment funds, and as an operator for small registered UK AIFMs and unregulated collective investment schemes ("UCIS"). TTML is approved as a full scope UK AIFM. TTML is an Article 2 exempt MiFID €125k firm and not subject to the IFPR.

Own Funds

| Composition of regulatory own funds - TTDL | | | |
|--|---|------------------------------|--|
| | Item | Amount (GBP thousands) | Source based on reference numbers/letters of the balance sheet in the audited financial statements |
| 1 | OWN FUNDS | 1,069 | |
| 2 | TIER 1 CAPITAL | 1,069 | |
| 3 | COMMON EQUITY TIER 1 CAPITAL | 1,069 | |
| 4 | Fully paid up capital instruments | 10 | 13 |
| 5 | Share premium | | |
| 6 | Retained earnings | 1,059 | |
| 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 | | |

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements.

| | TTDL | a. Balance sheet as in published/ audited financial statements as at 31 March 2024 (£000's) | b. Under regulatory scope of consolidation as at 31 March 2024 (£000's) | c. Cross-reference to template OF1 (£000's) |
|---|---|---|---|---|
| Assets | | | | |
| 1. | Debtors | 748 | | |
| 2. | Cash at bank | 506 | | |
| Total Assets | | 1,254 | | |
| Liabilities | | | | |
| 1. | Creditors amounts falling due within 1 year | 185 | | |
| Total Liabilities | | 185 | | |
| Net Assets | | 1,069 | | |
| Capital and Reserves | | | | |
| 1. | Called up share capital | 10 | | |
| 2. | Profit and Loss Account | 1,059 | | |
| Shareholders' Funds | | 1,069 | | |
| Own funds: main features of own instruments issued by the firm | | | | |

Issued, called up and fully paid.

10,000 ordinary shares £1 each.

Own funds requirement (GBP 000's)

The own funds requirement of TTDL is £740k*. This is the highest of:

- (1) £740k - its permanent minimum capital requirement under MIFIDPRU 4.4;
- (2) £257k - its fixed overheads requirement under MIFIDPRU 4.5; or
- (3) £684k - its K-factor (K-ASA & K-CMH) requirement under MIFIDPRU 4.6.

*subject to FCA transitional provisions

TTDL carries out the Overall Financial Adequacy Assessment by looking at risks from ongoing business during the Internal Capital And Risk Assessment ("ICARA") process. The Firm has determined that it does not need to hold additional financial resources over and above its capital and liquid assets held.

Governance

Boards of Directors are in place for TT and the Firms. The relevant Boards approves risk management policies and sets the overall risk appetite and tolerance levels. The Firms' Boards meet on a regular basis and receive reports on overall risk exposure and identify, monitor and controls risk exposures.

The Boards are compact and perform functions that would otherwise be performed by sub-committees. Generally, TT engages in low-risk activity and has a limited scope of activity therefore a risk committee is not considered necessary, but we nevertheless remain very focused about risks. Risks are discussed as a specific board agenda item on a quarterly basis and there is a regular risk governance meeting to monitor incidents and consider potential risks.

TT places considerable weight on the management of exposures to risk. Its risk management policies are designed to identify, monitor, mitigate and control such exposures to ensure that the activities of TT and the Firms are managed within the risk tolerances determined by the respective Boards.

Risk exposures are identified, monitored and controlled by the business heads who are also Directors and members of the Boards. Responsibility for the approval of all risk management policies and for setting the overall risk appetite and tolerance levels rests with the Boards. The core responsibilities are to:

1. Assess and report on the effectiveness of TT's internal control systems in managing risks;
2. Provide an appropriate level of reporting of the status of risk within TT; and
3. Act on issues as and when they arise.

TT maintains a risk register. Risks may be entity specific or group wide. Risks are assessed based on qualitative assessment of likelihood of occurrence and scale of impact. Controls are identified and subject to management monitoring and independent testing. The key risks, summarised in heat maps, help inform the material risks considered in the internal capital adequacy assessment process and are reviewed against the risk appetite.

TT has insurance designed to reduce its exposure to liability and to protect its assets. These are provided by third party insurers and aim to financially mitigate the economic consequences of risks. Any significant changes in the risk profile of TT are taken into account by tailoring the insurance to TT's risk exposures. This approach is designed to maximise breadth of cover and certainty of response in respect of key third party liabilities, loss of assets, business interruption and people-related exposures.

The management of TT consider that the risk systems in place are adequate for the organisation in light of its risk profile and strategy.

The following table shows the number of directorships held by the members of the Boards as at 31 March 2024.

| | Position in TT Group | Number of directorships - TT group and other TT entities | Number of directorships - External |
|------------------|-----------------------------|--|------------------------------------|
| Kelvin Gray | TTGL & TTML Director | 1 | 10 |
| Martin Heffernan | TTGL & TTDL Director | 1 | 6 |
| Afshin Taraz | TTGL & TTDL Director | 1 | 5 |
| Selwyn Renton | TTML & TTDL Director | 1 | 2 |
| Simon Webber | TTGL Non-Executive Director | 1 | 3 |
| David Price | TTDL Director | 1 | 0 |
| Philip Shearer | TTML Director | 1 | 2 |

In line with MIFIDPRU 8.3.2, multiple relationships within the same group are treated as a single role and directorships with bodies that do not predominantly pursue commercial objectives are also excluded. The directors have adequate time to spend on the oversight of TT as the majority of the external directorships are for inactive entities or entity structures for clients of TT.

Recruitment of senior individuals to TT will be through executive selection agencies, and interviews and checks will be conducted to assess individuals for the necessary skills, qualifications and experience to perform the role. They will also be assessed with regards to their fitness and propriety.

The entities within TT are not a Significant SYSC firms as defined under SYSC 1.5 so it is not necessary for the FCA to grant a modification or waiver of SYSC 4.3A.6R(1)(a) or (b) in order to allow a member of the management body to hold additional directorships.

The Boards are committed to having a diverse and inclusive leadership team. It monitors the balance of skills, knowledge, experience and diversity on the Boards; considers succession planning for appointments to the Boards and the executive team; and supports the development of staff across the group.

TT does not have a separate risk committee as this is not considered necessary given the scale and risk profile of the organisation.

Risk Management

The Firm has conducted a risk identification exercise to ensure that all significant risks and potential risks are identified. The Firm has developed a comprehensive risk register containing all relevant details for each risk that has been identified. All risks recorded in the register are categorised in terms of potential harms to clients, the firm itself or markets.

When assessing the adequacy of the Own Funds Requirement, the Firm has considered the key risks to the Firm's operating model. Due to our prudential classification as a Non-SNI, the Firm's own funds requirement is based on the higher of the Permanent Minimum Requirement ('PMR'), the Fixed Overheads Requirement ('FOR') or the K-Factor Requirement ('KFR'). On this basis, the Firm holds more than the PMR of £740k.

Concentration Risk: Within TTDL there is a risk of losing one AIFM client that has referred a large number of clients to the firm leading to loss of income. TT does not want to lose this client as it contributes a substantial amount to profitability, however if this were to occur, it would not affect TTDL's ability to continue operating profitably long term and would not compromise the regulatory capital position of TTDL. New business won by the business development team is gradually reducing the concentration of this key client. We monitor our capital position to ensure it is within our tolerance. The K-CON calculation is not required by a firm that does not deal on its own account so it is noted that whilst TTDL must assess concentration risk it does not produce the data needed to calculate K-CON.

The Firm maintains minimum liquidity at all times in compliance with the Basic Liquid Asset Requirement, being at least one third of its FOR. The Firm does not provide any client guarantees and therefore its entire liquidity requirement is driven by its expenses, as captured by the FOR.

As part of the Internal Capital Adequacy and Risk Assessment ('ICARA'), the Firm also maintains liquidity to satisfy its net wind-down costs and any additional liquidity requirements which the ICARA identified for supporting the ongoing business activities of the Firm.

Remuneration

As a non-SNI investment firm, TTDL is required to disclose certain information on its remuneration policy and practices as well as certain quantitative aggregated information about the remuneration awarded to its staff for the financial year ended 31 March 2024.

The definition of "staff" includes employees of the firm itself, secondees into the firm from other group entities, together with employees of other group entities where these employees are identified as MRTs of the Firm.

TT has in place a remuneration policy (the "Remuneration Policy") in line with the requirements set by the FCA. The Policy reflects the current organisational structure and is proportionate to the size and activities of the Firm.

Pursuant to MIFIDPRU 7.1.4(2) the requirement to establish a Risk, Remuneration and Nomination Committee does not apply to the Firm.

TT is satisfied that the policies in place are appropriate to the size, internal organisation and the nature, scope and complexity of their activities.

The decision-making process:

TT does not have a formal Remuneration Committee; rather, the remuneration of TT's Directors and staff are reviewed on an annual basis by the parent company Directors, who, on a day-to-day basis perform activities on behalf of the entire group and therefore are cognisant with the performance of TTDL, TTML and its staff. Remuneration is specifically determined with reference to the performance of the individual during the year (using qualitative criteria set out in their annual appraisal) and with regard to the group's actual and projected reserves, profits and cash position.

TT has assessed its personnel and conclude that during the period to 31 March 2024, seven members of staff (three of whom are parent company Directors) qualified as Code Staff.

Thompson Taraz Managers Limited and Thompson Taraz Depositary Limited each have only one business line, however as the Remuneration Code staff provide support to the whole TT Group, a breakdown across business lines cannot be provided.

Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the firm*

| 12 months to Mar 2024 | (£) |
|-----------------------|---------|
| Fixed Remuneration | 783,750 |
| Variable Remuneration | 82,889 |
| Number of Staff | 7 |

During the reported periods, any variable remuneration paid was in the form of cash and was not deferred. Further, there were no guaranteed bonuses, new sign-on payments or severance payments paid.

*The aggregate disclosed remuneration relates to services performed on behalf of Thompson Taraz Depositary Limited, Thompson Taraz Managers Limited and Thompson Taraz LLP (the previous parent entity of the Firms).

Investment Policy

TT meets the conditions of MIFIDPRU 7.1.4R(1). As a result, the disclosure obligations relating to Investment Policy set out in MIFIDPRU 8.7. do not apply.