

MIFIDPRU 8 DISCLOSURES

Reviewed and approved – March 2024.

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1. Introduction

The Investment Firms Prudential Regime ('IFPR'), implemented in January 2022, requires all MiFID investment firms to make certain public disclosures according to Financial Conduct Authority ('FCA') rules, increasing transparency and giving an insight into how the business is run. Under the IFPR, Fenchurch Advisory Partners LLP ('Fenchurch' or 'the Firm') is categorised as a non-small and non-interconnected ('Non-SNI') MIFIDPRU investment firm.

The Firm falls within the thresholds set out in MIFIDPRU 7.1.4R(1), as such the Firm is required by MIFIDPRU 8 to disclose information, on a solo entity basis, on the following areas:

- Risk management objectives and policies;
- Governance arrangements;
- Own funds requirements; and
- Remuneration policy and practices.

The information under MIFIDPRU 8.1 that is required to be disclosed by the Firm on an annual basis, (or more frequently in the event of a material change) will be published on the Firm's website: <https://www.fenchurchadvisory.com>

Unless otherwise stated, all figures are as at the Firm's 31 March 2023 financial year-end.

This disclosure has been ratified and approved for disclosure by the Board of Fenchurch.

The annual audited accounts of the Firm set out further information which complements the information in this disclosure. The audited accounts are available from UK Companies House.

This document does not constitute any form of financial statement on behalf of Fenchurch. The information contained herein has been subject to internal review but has not been audited by the Firm's external auditors.

Business Overview

Fenchurch is established in England as a limited liability partnership, registered under the number OC306074. The Firm's primary activity is the provision of financial and strategic advisory services to companies operating in the financial services sector, including advising on mergers and acquisitions and on debt and equity capital market transactions.

Fenchurch is an independently-managed affiliate of Natixis, part of Groupe BPCE.

Fenchurch currently has the following FCA permissions:

- advising on investments (except on Pension Transfers and Pension Opt Outs);
- agreeing to carry on a regulated activity;
- arranging (bringing about) deals in investments; and
- making arrangements with a view to transactions in investments.

2. Risk Management Objectives and Policies (MIFIDPRU 8.2)

This section describes the Firm's risk management objectives and policies for the categories of risk in the following areas:

- Own funds
- Liquidity

Due to the nature of its business activities, it is not subject to requirements relating to concentration risk under MIFIDPRU 5.

Risk Appetite and Risk Tolerance

Fenchurch is required, as part of its Internal Capital Adequacy and Risk Assessment ('ICARA') process, to identify all material harms that could result from:

- i. the on-going operation of its business; and
- ii. the winding down of its business.

Consistent with its business model and strategy, Fenchurch operates its business and activities in a risk averse manner. The risk appetite is set by the Management Committee, which is also responsible for designing and implementing a risk management framework that recognises the risks that our business faces, determines how those risks may be mitigated and assesses the ongoing management of those risks.

The Firm has a low risk appetite in respect of all types of material potential harms that could arise and that have been identified in the course of it pursuing its business aims and strategies. Reflecting this low risk appetite, Fenchurch has put in place systems and controls to reduce and mitigate the risks that it has identified. It also holds regulatory capital and liquid assets well in excess of its regulatory requirements under the IFPR.

In considering the types of potential material harm that could arise, Fenchurch has considered its on-going costs (as reflected in its fixed overheads requirement) as well as the risk that the Firm is unable to meet its liabilities as they fall due.

The Firm's risk appetite is influenced by a mix of the following factors:

- the regulatory framework applicable to the Firm;
- the Firm's client base, which predominately consists of blue-chip, regulated businesses;
- the group's partnership culture, which entails:
 - o senior members of the team having ownership stakes in the business, and
 - o transparency of information across the senior team; and
- the risk appetite of the ultimate owner of a majority partnership interest, Groupe BPCE

The Firm has performed a full assessment of potential material harms identified by senior management is set out below. In assessing these, it has reviewed the FCA's guidance in MIFIDPRU 7 Annex 1. It has

carefully considered the harms that could be caused to the Firm's clients, to the markets in which it operates and to the Firm itself, and considers that its overall residual risks remain low.

Liquidity Risk Appetite

Liquidity risk is defined as the risk that the Firm, although solvent, either does not have sufficient available resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost.

Consistent with Fenchurch's overall risk appetite, the Firm's appetite for liquidity risk is low. Fenchurch maintains liquid assets well in excess of its basic liquid assets requirement under and in excess of its liquid asset threshold requirement, so as to ensure that its liquidity risk is minimal. Senior management are committed to maintaining sufficient liquidity to meet our obligations as they fall due, or as needed in the event of an operational and regulatory orderly wind down.

Given Fenchurch's business model and strategy, which involves only advisory services and does not involve the holding of client assets, the Firm believes that it is sufficiently well capitalised to meet its obligations in a winddown scenario. It has a number of recovery options that would be available to it should any liquidity risk events crystallise, such as a capital injection by its Parent or drawdown from existing financing arrangements. We believe our overall liquidity risk is low.

3. Governance Arrangements (MIFIDPRU 8.3)

Management Committee

The Firm's Management Committee are responsible for oversight and take responsibility for the strategic leadership of the Firm within a framework of good corporate governance and prudent and effective controls which enables risk to be assessed and managed, including appropriate segregation of duties of the Senior Management Functions in accordance with the Senior Management and Certification Regime ('SMCR') and management of conflicts of interest. It is responsible for setting the Firm's risk appetite, as well as designing and implementing a risk management framework that recognises the risks that our business faces, determines how those risks may be mitigated and assesses the ongoing management of those risks.

The Management Committee of Fenchurch is comprised by:

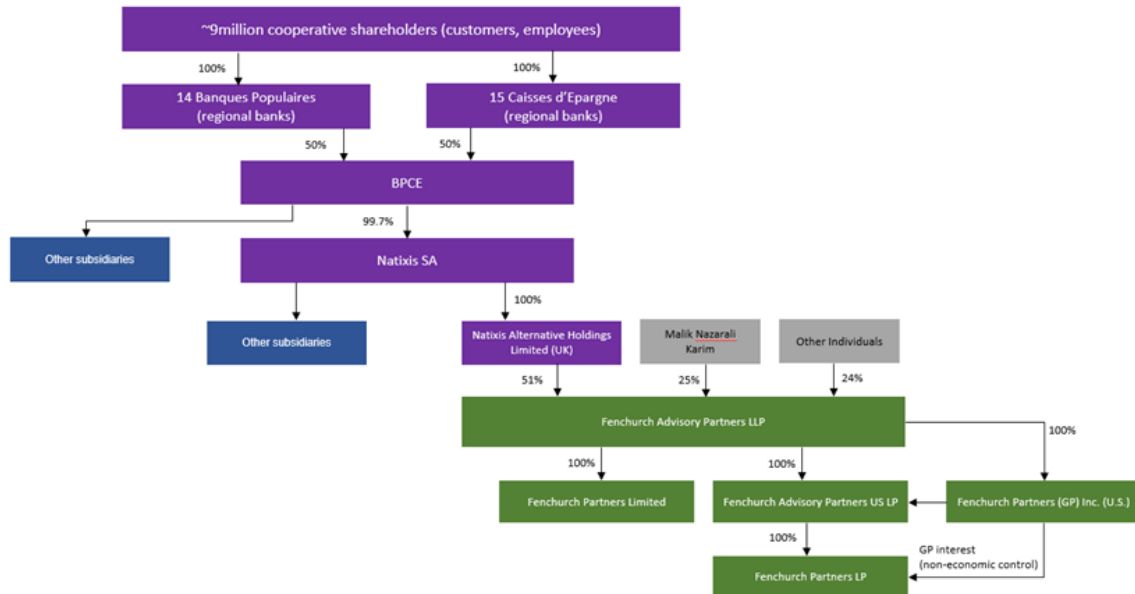
Name	Role at the Firm	No. of external directorships
Malik Karim	Senior Managing Director	0
Graham Marchant	Senior Managing Director	0
Vincent Bounie	Senior Managing Director	0
Chris Deville	Senior Managing Director	0
William Nourse	Senior Managing Director	0
Kunal Gandhi	Senior Managing Director	0
Tom Murphy	Senior Managing Director	0
John Sipp	Senior Managing Director	3
Richard Locke	Vice Chairman / COO	2
Patricia Arévalo *	Chief Operating Officer	0

*Joined the firm on 15 January 2024.

The Firm does not, and is not required under MIFIDPRU 7.3.1R, to establish a risk committee.

Figure 1: Group Structure Chart as at 31 March 2023

Structure Chart



Diversity

The Firm is committed to promoting equality, diversity and inclusion across all levels. We recognise that having a diverse workforce, with different backgrounds and experiences, fosters innovation, a healthy working culture and brings different perspectives to the business.

One of the Firm's objectives is to ensure that the composition of the Management Committee is always suitable for it to be an effective decision-making body and to provide successful oversight and stewardship. Suitability of members of the Management Committee is reassessed periodically, in line with the requirements of the SM&CR. Appointment of members is in accordance with the following suitability criteria:

1. Being of good repute;
2. Being able to act with honesty, integrity and independence of mind;
3. Overseeing, monitoring and challenging management decision-making effectively;
4. Disclosing any financial or non-financial interests that could create potential conflicts of interest;
5. Possessing sufficient knowledge, skills and experience to perform their duties;
6. Being able to commit sufficient time to perform management body functions in a supervisory context;
7. Not being restricted from taking up the position by any regulatory requirement.

The Management Committee of Fenchurch has a responsibility to lead by example and promote the provision of equal opportunities. The Firm's recruitment process takes into consideration not only experience and talent but also other factors such as gender, ethnicity, and educational background. Furthermore, the Firm benefits from internal training and development opportunities that enable equal opportunity for long-term career growth for all employees.

Senior Managers

Fenchurch's current senior managers, and their senior manager functions, are as follows:

- Mailk Karim
 - SMF1–Chief Executive
 - SMF27 Partner

- Richard Locke
 - SMF16–Compliance Oversight
 - SMF17–Money Laundering Reporting Officer
 - SMF27–Partner

4. Own Funds (MIFIDPRU 8.4 and 8.5)

The overall financial adequacy rule requires Fenchurch to hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that (i) it is able to remain financially viable during the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities, and (ii) its business can be wound down in an orderly manner, minimising harm to consumers and to other market participants. It has in place procedures to assess the quality of own funds items, with the assistance of external counsel where appropriate.

Given Fenchurch's analysis and conclusions in relation to its current capital and liquidity adequacy position, it is well positioned for further growth and its financial resources are more than sufficient to operate its business and to comply with its regulatory capital requirements on an on-going basis.

Fenchurch is currently classified as a Non-SNI investment firm. It does not have the permissions to, and does not, hold client money or client assets. Due to its business model and its services, Fenchurch is not subject to an own funds requirement based on the application of K-factors. The Firm's own funds requirement (**OFR**) is based on the fixed overheads requirement (FOR).

As of 31 March 2023, the own funds in the Firm is £998,000.

Composition of regulatory own funds

	Item		Amount (£'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS		998	12
2	TIER 1 CAPITAL		998	
3	COMMON EQUITY TIER 1 CAPITAL			
4	Fully paid up capital instruments		998	
5	Share premium			
6	Retained earnings			
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			
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			
26	Fully paid up, directly issued capital instruments			
27	Share premium			
28	(-) TOTAL DEDUCTIONS FROM TIER 2			
29	Tier 2: Other capital elements, deductio			

Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
	£'000	31/03/2023		
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Tangible Assets & Investments	137		
2	Debtors	29,981		
3	Cash	7,038		
	Total Assets	37,156		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors due within 1 year	4,412		
	Total Liabilities	4,412		
Shareholders' Equity				
1	Amounts Owed to Members	31,746		
2	Members Capital	998		
	Total Shareholders' equity	32,744		

The Firm's CET1 comprises of Members capital contributions in the LLP Agreement, totalling £998,000, representing the members' commitment to the LLP's capital, recognised as regulatory own funds capital.

5. Remuneration Disclosure (MIFIDPRU 8.6)

The Firm has a Remuneration Policy in place which is in accordance with the relevant rules and guidance for the Firm's remuneration code as contained within the FCA's SYSC Sourcebook of the FCA's Handbook.

As a non-SNI investment firm, the Company 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 in respect the Company's financial year ended 31 March 2023.

The Firm has in place a Remuneration Policy which is designed to ensure that it complies with the Remuneration Code and that its compensation arrangements:

1. Are consistent with and promote sound and effective risk management,
2. Do not encourage excessive risk taking,
3. Include measures to avoid conflicts of interest, and
4. Are in line with the Firm's business strategy, objectives, values, and long-term interests.

Approach to Remuneration

As the Firm is subject to "Standard Requirements" as a non-SNI, the Firm is not required to appoint and does not maintain risk, remuneration and nomination committees.

The Firm's ability to pay variable remuneration is based on the performance of the Firm overall.

Employees are remunerated with a fixed base salary and a variable bonus.

In accordance with the agreement constituting the Firm (the "LLPA"), Partners are remunerated with a fixed base profit share ("Fixed Profit Interest") and a variable profit share ("Variable Profit Interest"). Partners also receive a dividend based on their dividend interest ("Dividend Interest"). The allocation of Dividend Interests among the Partners reflects the overall contributions of the Partners in terms of the historic growth and future prospects of the Firm. The annual dividend pool is 25% of annual revenue and may be less depending on the revenue amounts left for allocation after meeting payments of Fixed Profit Interests (the "Dividend Pool"). The Dividend reflects the distribution of profits to Partners.

Variable remuneration for Partner and employees is determined in the following way:

- the annual discretionary pool available for distribution (the "Discretionary Pool") is calculated as the annual revenue of the Firm, less the annual costs of the Firm (and Fixed Profit Interests), less the Dividend Pool; and
- variable profit share/ bonus is allocated out of the Discretionary Pool depending on the individual's performance for the financial year, taking into account the following:
 - contribution to winning and executing fee-earning business
 - the quality of the fee-earning business gained, focussed on financial institutions which the Firm seeks to target, and the prospect of potential repeat business, as well as any adjustment to accrued revenues that were previously taken into account in determining the individual's compensation;
 - contribution to winning new clients;
 - coverage of new and existing relationships;
 - compliance with the Firm's compliance policies;
 - role and contribution in developing and managing the team;
 - involvement in developing the Firm franchise more broadly;
 - promoting the Firm's values of co-operation, teamwork, caring for each other and diversity
 - complying with any of the Firm's policies and procedures that incorporate environmental, social and governance factors as issued from time to time; and
 - in the case of Partners, the assessment also takes into account the dividends they are receiving as profit, so that their total compensation from the Firm reflects the above factors.

In addition, existing or new Partners may be awarded additional dividend interests based on the factors above. These would usually have a capital value to a Partner five to nine years after award if the individual is still a Partner at that time or has been a Good Leaver (as defined in the LLPA).

As the variable portion of remuneration is tied to the profitability and revenues of the Firm, the ratio of fixed to variable remuneration can vary considerably. In years where the Firm achieves outstanding financial performance, individuals who score highly on the above performance criteria may have a variable to fixed remuneration ratio as high as 100 (variable) to 1 (fixed). However, there is no guarantee of variable remuneration and in years where the Firm suffers poor performance, no variable remuneration would be paid out.

The Partners all have Option Interests (as defined in the LLPA) in the business and there are arrangements to realise those Option Interests over a five year period at valuations that depend on the performance of the firm over a period of time. Accordingly, all Partners have a significant financial exposure to the performance of the business over the medium term. Partners' deferred remuneration is also subject to a clawback provision which the Firm may apply in cases of fraud or other conduct with intent by a Partner or gross negligence by a Partner which has led to significant losses for the Firm. The Firm does not offer severance pay, and will consider retention awards on a case-by-case basis.

MRTs are staff members whose professional activities have a material impact on the risk profile of the Company or of the assets that the Company manages. MRTs can include both employees and members of the Firm (such members being the “Partners”). They are individuals at Managing Director seniority and above, whose actions can expose the Firm to financial risk. As of 31 March 2023, there were 16 MRTs including members of the senior management team.

Awarded Remuneration for Financial Year Ended 31 March 2023

Position	Beneficiaries	Fixed Remuneration	Variable Remuneration	Aggregate Remuneration
Senior Management	10	£2,370,120	£17,345,899	£19,716,019
MRTs	6	£1,200,000	£3,784,007	£4,984,007
Other Partners and staff	54	£4,014,912	£4,339,262	£8,354,174