MIFIDPRU Disclosure 2024

Raymond James Investment Services Limited

RAYMOND JAMES®

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1. Executive Summary

This document presents Raymond James Investment Services Limited's ("RJIS" or "the Company") risk management arrangements, capital requirements and remuneration disclosures.

Under the FCA's Investment Firms Prudential Regime ("IFPR"), Raymond James is classified as a non-SNI (small non-interconnected) MIFIDPRU Investment Firm and is subject to the rules under the FCA's Prudential Sourcebook for MIFID Investment Firms ("MIFIDPRU") ("the Rules").

As at 30 September 2024 the Company's total capital resources were £25.6 million (2023: £25.3 million). This exceeds the Company's minimum own funds requirement of £8.8 million by 290%.

This iteration of the document has been prepared using the audited financial results for the year ended 30 September 2024. See 'Basis of Disclosure' in section 2 for further details.

2. Background

Introduction

This document sets out the public disclosures of the Company as at 30 September 2024. The disclosures have been prepared in accordance with MIFIDPRU 8 and MIFIDPRU TP 12.

These disclosures are in line with the requirements of the Investment Firms Prudential Regime ("IFPR"), which was implemented in the UK with effect from 1 January 2022. The IFPR sets out three levels of prudential requirements that firms must comply with:

- **Own funds requirement**: sets out the minimum amount of capital firms need to hold to protect clients, the firm and the market from potential harms.
- **Additional own funds:** requires firms and their regulatory supervisors to consider whether a firm should hold additional capital against harms not covered by the formular used to calculate Own Funds Requirement. In the UK, this is calculated using the Internal Capital Adequacy Review Assessment ("ICARA") carried out by the Company and through the subsequent Supervisory Review and Evaluation Process ("SREP") carried out by the FCA.
- **Public disclosure**: firms have to disclose publicly certain details of their risk management objectives and policy, governance arrangements, and Own Funds/Own Funds Requirements. The Company must also summarise its remuneration objectives and practices. The requirements are set out in MIFIDPRU 8 and MIFIDPRU TP 12.

This document makes references to the Company's Financial Statements. All figures in these disclosures are consistent with the basis used for prudential regulatory reporting.

Public Disclosure Policy

The Company supports the overarching objectives of public disclosures which are to promote market discipline and improve comparability and consistency of these disclosures. As a complement to supervisory efforts, these objectives help to encourage firms to assess harms, maintain capital and develop and maintain sound risk management systems and practices. The Company has therefore developed a formal Public Disclosure Policy which covers all of the disclosure requirements from the IFPR.

Materiality

The Company regards information as material if its omission or misstatement would change or influence the assessment or decision of a user relying on that information in making economic decisions. The Company does not seek any exemptions from disclosure on the basis of materiality or on the basis of proprietary or confidential information.

Basis of Disclosure

This document sets out the public disclosures of the Company as required by MIFIDPRU 8.1.13. The disclosures have not been audited and do not form part of the Company's annual audited financial statements and should not be relied upon in making any judgement about the financial position of the Company.

Unless otherwise stated, all figures are as at 30 September 2024 and are derived from the Company's audited results.

Frequency of Disclosure

Public disclosures are published annually and as soon as practicable after the signing of the Company's audited Financial Statements. The Company pays particular attention to the need to publish some or all disclosures more frequently based on the relevant characteristics of the business.

Means of Disclosure

This document has been published on the 'Important Information" section of the Company's website. You can confirm this at https://www.raymondjames.uk.com/important-information/pillar-3-disclosures/

Scope of Application

This disclosure is made with reference to Raymond James Investment Services Limited only in line with the Public Disclosure requirements.

3. Governance Structure and Risk Management

The RJIS Board of Directors (the "Board") promotes a culture of upholding the highest standards of business and regulatory conduct. RJIS aims to: put clients first, act with integrity, think long-term and value independence. These core values underpin RJIS's governance structure and Risk Management Framework to ensure that it acts in the best interests of its clients and gives due consideration to the integrity of the market and the interests of other stakeholders.

We put clients first

If we do what's right for our clients, the Company will do well and we'll all benefit.

We act with integrity

We put others above self, and what's right above what's easy. We believe doing well and doing good aren't mutually exclusive.

We think long term

We act responsibly, taking a conservative approach that translates into a strong, stable Company for clients, wealth managers, associates, and shareholders.

We value independence

We respect autonomy, celebrate individuality and welcome diverse perspectives, while encouraging collaboration and innovation.

Risk Management Objectives and Culture

Risk is an inherent part of the RJIS business. The Board recognises the need to understand the risks the Company faces in its businesses and the industry in which it operates and how to manage them effectively. The role of management is to balance these risks and make the best use of resources, both human and capital, so the Company can deliver its strategy.

RJIS needs to do this to deliver increased earnings, business performance and shareholder value, while maintaining its excellent reputation for customer service and operating in line with its values and culture, as well as laws and regulations. At the forefront of this is safeguarding RJIS' clients' interests and reducing the potential for harm.

In conjunction with the group risk policy, the objectives of the risk management framework are to:

- align the business strategy and risk appetite;
- take advantage of business opportunities, i.e. with a good risk/reward balance;
- pursue business objectives through transparent identification and management of acceptable risk;
- focus the control activity on the areas of the greatest risk to achieving the Company's strategic goals;
- act promptly to fix any weakness and failure in the Company's processes and systems;
- be satisfied that the capital and liquidity held by RJIS is sufficient to deal with risks that the business is exposed to; and above all,
- adopt a truly client-centric approach to the way in which the Company runs its business and manages risks.

RJIS' governance arrangements support these objectives, as they provide structure to ensure that the Company takes informed risks and makes decisions in light of its overall strategic objectives.

Risk Management Framework

RJIS has developed and implemented its Risk Management Framework to help bring together all the elements required to manage and ensure a consistent and effective approach to risk management across the Company. The key components of this framework are outlined below.

Risk appetite

Once risks have been identified, an acceptable level of risk ("risk appetite") is set for each material risk. RJIS' risk appetite articulates the type and amount of risk the Company is able and willing to accept in pursuit of its strategy and business objectives. Risk appetite is based on qualitative statements which articulate the risk-taking intent of the Company. It is supported by quantitative limits and controls.

The Risk Appetite Statement is reviewed and approved at least annually by the Board following review by the Risk Committee (see Section5, below), which recommends the risk appetite and monitors adherence to it.

Risk policies

The risk policies define the Company's approach to monitoring and controlling risk, so as to ensure it is only exposed to risks that are within the agreed risk appetite.

Risk identification and assessment

All staff at RJIS are responsible for identifying and assessing the risks in their respective areas. There are a number of risk management tools and processes in place to aid them, including risk event reporting, risk and control self-assessments, deep-dive business reviews and scenario workshops.

Risk monitoring and management

Having set the risk appetite, the Company assesses the impact and probability of each material risk against the agreed risk appetite. This can include the quantification of capital risk as part of the ICARA.

RJIS assesses the effectiveness of controls in reducing the probability of a risk occurring or, should a risk materialise, in mitigating its impact. Each business area has developed a formal control testing and monitoring plan to ensure that the key controls remain effective at reducing the potential for harm.

Additional actions

Where differences exist between our risk appetite and the current residual risk profile, RJIS takes action to either: accept, avoid or transfer part or all of those risks which are outside our risk appetite; or to reconsider the risk appetite

Reporting

The ongoing reporting of risks to Senior Management and the appropriate Executive and Control Committees, the Risk Committee and the Board provides insight to inform decision-making and allocation of resources to achieve business objectives.

Key Risks

The table below details the main categories of risks and summarises some of the strategies and processes that are used to manage these risks and reduce the potential for harm.

Risk	Definition	Strategies and Processes
Business Model & Strategy	The risk that the business model and strategy do not respond in an ideal way to changing market conditions so that sustainable growth, market share or profitability are adversely affected.	• Stress testing and reverse stress testing are carried out as part of the ICARA to assess their effects on the business model and strategy. • The Board considers emerging and top risks to the business as part of the Company's strategic plans.
Liquidity	The risk that the Company, although solvent, either does not have available enough financial resources to meet its obligations as they fall due, or can only secure such resources at excessive cost.	• The Company ensures that it has sufficient funds to meet their liabilities as they fall due. • Liquidity risk framework and stress testing. • Contingency funding plans.
Market	The risk of losses arising because of exposures to market movements, including foreign exchange and interest rates.	• RJIS does not hold any proprietary positions • The majority of the Company's cash is held in GBP across a number of banks. • Limited foreign currency is held to manage settlement and trades on behalf of clients, and to make payment to foreign suppliers.
Credit and Counterparty	The risk that clients or counterparties fail to fulfil their contractual obligations.	• RJIS does not offer any formal lines of credit to clients. Lending activity is restricted to Wealth Managers only in the form of either Transition Assistance or Financial Assistance. These arrangements are overseen by Finance and ALCO. • Otherwise, exposure to credit risk resides in the failure of its clients and counterparties to fulfil their contractual obligations. • Assets will only be placed and maintained with authorised institutions. • Trading counterparties are reviewed annually and given defined exposure limits, which are monitored by the Asset and Liability Committee ("ALCO") • Breaches of any counterparty trading limits without approval must be escalated immediately to the ALCO.
Operational & Infrastructure	The risk that a material failure of business processes or IT infrastructure may result in unanticipated financial loss, harm to customers or reputational damage.	• An operational resilience framework is in place to maintain the continuity of important business services. • Proactive identification, mitigation and oversight of non-financial risks. • Constructed framework of internal controls to minimise the risk of unanticipated financial loss or potential harm. • Insurance cover is in place and reviewed on an annual basis to ensure there is an appropriate amount of cover to manage the impact of operational losses.

IT and Cyber Security	The risk that RJIS' system infrastructure is breached by external counterparties with or without malicious intention. Possible breaches could involve data theft, ransomware or a shutdown of systems.	• A set framework is in place to prevent and detect unauthorised access attempts to the Company's business systems. • Ongoing enhancement of systems which are resilient to current and emerging threats • The Company maintains a rolling programme of maintenance activity which is informed by the day-to-day experience, threat intelligence and any emerging vulnerabilities identified.
People and Conduct	The risk of causing detriment to clients, stakeholders or the integrity of the wider market because of RJIS' services, products or activities.	• The Conduct & Culture Committee provides enhanced oversight of day-to-day conduct at RJIS. • The Company's monitoring processes support its aim of ensuring good client outcomes. • All clients are risk-profiled to ensure that we clearly define, agree and manage our clients' portfolios in accordance with these risk profiles, investment objectives and capacity for loss. • Careful monitoring of investment decision-making and advice against clients' risk profiles supports our aim of ensuring appropriate and suitable outcomes for our clients. • Comprehensive programme of staff training.
Legal & Regulatory	Legal and regulatory risk is defined as the risk of exposure to legal or regulatory penalties, financial forfeiture and material loss due to failure to act according to industry laws and regulations.	• The risk is monitored and managed by review and assurance activity to ensure compliance with all aspects of relevant regulation, including those of the FCA. • The Company monitors changes in the regulatory and legal agenda and has formal projects for major changes to ensure their successful implementation. • The Company runs programmes to ensure all policies, operating procedures and processes are compliant with any new significant regulatory change requirements.

Governance Structure

RJIS has established a structured approach to governance and risk management, ensuring an effective level of alignment between oversight and management responsibility for risk. The governance structure has clearly defined roles and responsibilities for the Board and its governance framework including its committees, control committees and functions and the accountable executives.

RJIS's governance structure makes sure risks are identified and only taken within approved risk appetite levels, with a clear separation of risk taking and oversight responsibilities. Roles and responsibilities are arranged across the organisation in adherence to the 'Three Lines of Defence' model to provide appropriate levels of segregation.

To facilitate effective and prudent management of RJIS, the Board (with appropriate delegation within its governance structure), oversees the running of the business, implements strategic objectives and monitors progress against them. It does this in line with RJIS's Risk Management Framework, conflicts of interest policies, compliance policies, internal control systems and through the various reporting requirements that the business is subject to.

The Board

The Board provides leadership of the Company and has oversight responsibilities which are driven by the nature of the business and regulations for which RJIS has FCA permissions. The Board is ultimately accountable for risk management and regularly considers the most significant risks and emerging threats to its strategy and objectives.

The Board delegates day-to-day responsibility for managing risk across the business to the Chief Executive Officer and the Executive Committee.

The Board meets at least four times a year, and on an ad-hoc basis when required to review financial performance and strategy, and to follow an annual schedule to address each of the matters that need Board approval before they can be pursued (called “reserved matters”).

Business departments and certain individuals across RJIS are responsible for preparing and collating all papers and supporting documentation for reporting to the Board. Papers are circulated to the directors a week in advance of each Board meeting. RJIS uses a portal system to support the Board and committee meetings, which improves the efficacy and security of the supply of information to directors.

The Board composition is a balance between executive and non-executive appointments with directors challenging ideas, strategies and risk frameworks make sure RJIS acts with integrity and in the best interest of its clients.

The table below shows the number of directorships held at external, commercial organisations, within the scope of MIFIDPRU 8.3.1.R(2), by members of the Board as at 31 December 2024.

Table 1 Directorships

Name	Position	External Directorships (per MIFIDPRU 8.3.1R (2))	
		Executive	Non-Executive
Sandy Kinney Pritchard	Chair and Independent Non-Executive Director	0	2
Paul Allison	Non-Executive Director	0	1
Marcia Campbell	Independent Non-Executive Director	0	3
Tashtego Elwyn	Non-Executive Director	1	0
Hugh Grootenhuis	Independent Non-Executive Director	0	2
Francesca Hampton	Chief Financial Officer	0	1
Peter Moores	Non-Executive Director	0	0
Gala Wan	Non-Executive Director	0	0

Governance Committees

The Board level governance committees and their oversight responsibilities are summarised below. The committee structure was established with effect from 1st April 2024. Below Board level, the Executive Committee is responsible for the day-to-day management of the business, under the authority of the Chief Executive Officer, and is supported by a number of control committees.

The Board committees ensure a segregation of duties and provide a review of key risks, as well as the development of risk management and mitigation strategies. An overview of each is provided below.

- **Risk Committee**: responsible for ensuring that an effective internal control and risk management environment is maintained in respect of the risks impacting the Company and advising the Board on related risk matters. The Risk Committee meets at least four times a year and on an ad hoc basis as required.
- **Nomination Committee**: responsible for considering the balance of skills, knowledge, experience and independence of the Board, ensuring there is strong and responsible leadership at the head of RJIS. The Nomination Committee supports RJIS's aim to have an appropriate level of diversity on the Board to benefit from a broader perspective when making decisions, while remaining committed to ensuring that appointments are ultimately made on merit. The Nomination Committee meets at least twice a year and on an ad hoc basis as required.
- **Remuneration Committee**: responsible for assisting the Board in ensuring its remuneration policy and practices:
  - support the company's strategy,
  - promote long-term sustainable success,
  - reward fairly and responsibly, with a clear link to corporate and individual performance,
  - consider statutory and regulatory requirements, and
  - ensure executive remuneration is aligned to company purpose and values and linked to the delivery of its long-term strategy.

  None of the Remuneration Committee members have any personal financial interest or conflicts of interests arising from cross-directorships or day-to-day involvement in running the business. No director plays a part in any discussion about their own specific remuneration. The Remuneration Committee meets at least three times a year and on an ad hoc basis as required.
- **Audit Committee**: responsible for:
  - monitoring the integrity of RJIS's financial and narrative reporting,
  - reviewing the adequacy of its financial systems, internal controls and risk management framework,
  - managing the relationship with the external auditor and overseeing the internal audit programme and advising the Board on related matters.

  The Audit Committee meets at least four times in each financial year at appropriate intervals and on an ad hoc basis as required.

Diversity, Equity and Inclusion Strategy

RJIS is committed to continuing to encourage a culture of inclusion that attracts and retains diverse talent. As part of our ongoing efforts, the Diversity, Equity and Inclusion Strategy was refreshed in 2024 supporting our mission to ensure we foster an inclusive environment where individuals with different perspectives and backgrounds can work together and thrive.

The strategy is supported with a governance framework to guide, track and measure the objectives and action plan. This is driven by the Diversity, Equity and Inclusion Council, which reports to the Conduct & Culture Committee and to the Board.

Strategic initiatives have been set to prioritise and focus efforts, which is supported with an action plan to increase data collection to track and measure progress and identify data trends to inform future priorities.

Three Lines of Defence

All individuals at RJIS have responsibility for understanding and managing risks under their control and stewardship. Management has the additional responsibility of maintaining the system of internal controls and reviewing their effectiveness. These responsibilities are clearly assigned and documented in job descriptions, role profiles and performance objectives.

RJIS has a 'three lines of defence' model to manage risk and provide assurance to management and the Board with regards to the effectiveness of the Company's control environment.

1st line of defence	The first line of defence is the business itself. Each staff member has primary responsibility for managing risk, identifying control deficiencies and putting remedial action plans in place to prevent control failures happening and the materialisation of risks.
2nd line of defence	The second line of defence comprises the Compliance and Risk team; the Risk function is responsible for implementing and overseeing the framework, for reporting to the Board and Committees, and for overseeing and challenging the management of risks. The Compliance function is responsible for supervising regulatory compliance. The Chief Risk Officer and Head of Compliance have a dotted reporting line to the Chair of the Risk Committee.
3rd line of defence	The third line of defence is the Internal Audit team, which is independent of the first and second lines. This function provides assurance to senior management that risks are effectively managed and that there is appropriate supervision. The Internal Audit function is outsourced to Raymond James Financial, Inc., and is supported by Grant Thornton. The Head of Internal Audit reports to the Chair of the Audit Committee.

4. Own Funds

Tier 1 Capital

The Company's Own Funds capital is set out in Table 2 below. An explanation of what the Company's Tier 1 capital comprises is given underneath the table.

Table 2: Tier 1 Capital

	Item	Amount (£'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**25,595**	Total capital resources/own funds
2	**TIER 1 CAPITAL**	**25,595**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**25,595**	
4	Fully paid up capital instruments	13,005	Share capital
5	Share Premium	7,532	
6	Retained earnings	7,537	Retained earnings - Retained earnings (audited)
7	**(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1**	**(1,045)**	Total regulatory deductions - Intangible assets
8	CET1: Other capital elements, deductions and adjustments	(1,435)	Net deferred tax assets relying on future profitability

The Company's Tier 1 capital comprises ordinary shares, retained earnings and the Company's revaluation reserves. Regulatory adjustments refer to deductions of intangible assets (principally internally generated software), deferred tax assets that are dependent on future profitability, and dividends once they have been declared by the Board.

The retained earnings figure in the table above includes the audited figure as at 30 September 2024.

The following table reconciles regulatory own funds to the balance sheet in the financial statements. Figures are given in GBP thousands.

		Balance sheet as in published/ audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
		As at year end	As at year end	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Intangible assets	1,044		OF1 template – Item 11
2	Tangible fixed assets	2,816		
3	Deferred tax assets	1,516		OF1 template – Item 19 – partial balance
4	Debtors-amounts falling due after one year	1,019		OF1 template – Item 11
5	Current tax receivables	1,460		
6	Debtors – amounts falling due within one year	15,422		
7	Financial assets at fair value through profit or loss	131		
8	Cash and Cash Equivalents	26,944		
xxx	**Total Assets**	**50,352**		
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
1	Creditors – amounts falling due within one year	19,829		
2	Current Provisions	2,449		
xxx	**Total Liabilities**	**22,278**		
Shareholders' Equity				
1	Share Capital	13,005		OF1 template – Item 4
2	Share Premium	7,532		OF1 template – Item 5
3	Retained Earnings	7,537		
xxx	**Total Shareholders' equity**	**28,074**		

5. Own Funds Requirement

The Company's Own Funds Requirement (OFR) is calculated as the higher of the K-Factor Requirement (KFR), Fixed Overhead Requirement (FOR) and the Permanent Minimum Requirement (PMR). A breakdown of the OFR as of 30 September 2024 is given below as set out in MIFIDPRU 8.5.

During the financial period ended 30 September 2024, the Company maintained surplus capital resources at all times to satisfy minimum capital resources.

Own Funds Requirement

A summary of these figures is set out below:

Table 3: Pillar 1 requirement

	As at 30 September 2024 (£'000)
K-factors	
K-AUM	981
K-COH	28
Sum of K-factors Requirement (KFR)	**1,009**
Fixed Overhead Requirement (FOR)	**8,819**
Permanent Minimum Requirement (PMR)	**75**
OFR = higher of KFR, FOR and PMR	**8,819**

6. Approach to assessing Own Funds Adequacy

Under IFPR requirements the Company must assess its capital and liquidity requirements to ensure compliance with the Overall Financial Adequacy Rule (“OFAR”). This is performed on an ongoing basis by looking at all capital requirements, which includes the Own Funds calculations as set out above, the ICARA assessments and wind-down calculations, as well as monitoring levels of liquid funds against both FCA and internal risk tolerance thresholds.

ICARA assessments of capital needed to mitigate harms to client, company and markets are performed using a combination of scenario-based capital models, stress tests using ‘severe but plausible’ events, and a wind-down assessment that demonstrates whether the Company has enough capital and liquid resources to wind down its regulated activities in an orderly manner.

Liquid funds monitoring is performed using forward-looking assessments, as well as liquidity-specific stress tests to calibrate internal thresholds.

The Company has complied with OFAR requirements at all times.

7. Remuneration Disclosure

In accordance with the requirements set out in MIFIDPRU 8.6, this section provides qualitative and quantitative disclosures with respect to the Company's Remuneration Policy and Practices under the MIFIDPRU Remuneration Code ("The Code") for FCA investment firms which is set out in SYSC 19G of the FCA Handbook.

These disclosures relate to the year between 1 October 2023 to 30 September 2024.

Qualitative Disclosures

Remuneration Policy Approach

RJIS' Remuneration Policy ("the Policy") aims to ensure that the Company has in place appropriate risk-focused remuneration practices that are consistent with the principles of the IFPR, promote effective risk management and to align employee's interests with the Company's long-term strategy and objectives. These include management of the key risks as described in section 3.

The Company's long-term objectives are to enhance our proposition to clients and wealth managers and increase our contribution within the Raymond James Financial Inc. (RJF) Group. These strategic objectives will provide a long-term beneficial impact to the company.

In carrying out their duties, the Directors consider the impact of key decisions on all stakeholders as well as ensuring they are aligned with the Company's objectives. In achieving these objectives, the Policy and the Company's incentive structures aim to:

- attract, develop, motivate and retain high-performing individuals in a competitive market
- offer a market aligned remuneration package with fixed salaries being a significant remuneration component; and
- encourage staff to create sustainable results and to operate in a professional and appropriate manner aligned with RJIS's culture and values;
- ensure alignment of interests of staff, clients and stakeholders

Given the size, nature, and lack of complexity of the Company, it is not required to establish a remuneration committee. However, the RJIS Remuneration Committee has had oversight of remuneration matters since April 2024 i.e. the mid-point of the past financial year.

As the body responsible for the governance of the Company's business, the Board takes proposals from that committee to incorporate these fundamental principles in its oversight function. It is also responsible for establishing and revising the remuneration policy as necessary to comply with the IFPR regime and with regard to environmental, social and governance (ESG) risk factors.

The Board has formally reviewed the Company's compensation structure and has determined that it promotes effective risk management and conforms to the principles of the IFPR.

In forming the approach to its Remuneration Policy and practices the Company sought advice from external lawyer.

Material Risk Takers (MRTs)

Per SYSC 19G.5.1 R, a material risk taker (MRT) is defined as a staff member at a non-SNI MIFIDPRU investment firm whose professional activities have a material impact on the risk profile of the company or of the assets that the company manages.

MRTs at RJIS have been determined by reference to the MIFIDPRU Remuneration Code (SYSC 19G.5), which sets out detailed qualitative and quantitative criteria. In the context of the Company's activities, the roles assessed to have material impact on the risk profile of the Company in FY24 included:

- members of the Board of Directors (Executive and Non-Executive Directors)
- Operating Committee members holding Senior Management Functions (SMFs) under the FCA's Senior Managers & Certification Regime (SMCR).

From October 2024 the Operating Committee has been replaced by the newly formed RJIS Executive Committee and this is the new way we measure MRT status. Other staff are assessed as having a 'material impact' on the Company's risk profile if they personally directly manage more than a set percentage of the Company's total assets under management or are responsible for generating a set threshold of the Company's revenues. The percentage is set by the Remuneration Committee.

Components of Remuneration
Remuneration for the Company's staff is made up of a combination of fixed and variable remuneration.

(i) Fixed Remuneration

Fixed remuneration principally takes the form of base salaries which provide employees with monthly remuneration irrespective of the Company's or individual performance. The fixed component of remuneration should represent a sufficiently high proportion of the total remuneration that the Company can operate a flexible policy on variable remuneration components, including the possibility to pay no variable remuneration if necessary or appropriate. Market appropriate benefits (e.g., defined contribution pensions) and other allowances (e.g. relocation costs, travel allowances) are also included within fixed remuneration.

(ii) Variable remuneration

Variable pay takes the form of discretionary cash bonuses and/or the award of Restricted Stock Units (RSU), as applicable. All employees are eligible to receive variable remuneration with the exception of members of the management bodies who do not perform any executive function in the Company.

The award of discretionary compensation takes into account appropriate financial and non-financial factors. The bonuses that are paid are not linked to objectively measured specific personal performance targets and there is no direct link between risk-taking and reward. Rather, a number of factors are considered including overall performance of the Company, and a formal appraisal of individual conduct and behaviour-related factors.

Decisions based on performance of the employee will reflect the long-term performance of the individual as well as performance in excess of their job description and terms of employment. As a result of this, excessive risk-taking by any individual or group of MRTs is highly unlikely to be rewarded in monetary terms or in the short term.

Other non-financial considerations include, but are not limited to:

- building and maintaining customer relationships and outcomes;
- performance in line with the Company's strategy or values;
- adherence to the Company's risk management and compliance policies;
- achieving targets relating to environmental, social and governance factors; and
- diversity and inclusion.

RSUs are subject to both deferral and the compensation recoupment policy, which is line with the standard remuneration code requirements of SYSC19G.

RJIS has a financial forfeiture policy that defines conduct related penalties for all relevant staff, which covers RJIS' wealth manager population. This allows for a full override of financial criteria taking into account conduct-related factors.

Malus and Clawback Provisions
Variable awards granted to MRTs generally contain provisions relating to malus and clawback. This takes into account all types of current and future risks and ensures total variable pay to MRTs is reduced or cancelled (e.g. by malus and/or clawback) where the Company's capital position falls below regulatory or internal requirements. As such, payments are potentially recoverable by up to 100% for a period of between three years and five years to allow sufficient time for any potential risks to crystallise and for adjustments to be made.

(i) **Malus forfeiture provisions** provide for the reduction or cancellation of unpaid amounts of variable remuneration, if it is determined that:

a. there is reasonable evidence of employee misbehaviour or material error; or
b. the Company or a relevant business unit has suffered a material downturn in its financial performance; or
c. the Company or a relevant business unit has suffered a material failure of risk management.

(ii) **Clawback provisions** provide for the repayment of all, or part of any amount paid to employees in respect of any variable pay if it is determined that:

a. there is reasonable evidence of employee misbehaviour or material error; or
b. the Company or a relevant business unit has suffered a material failure of risk management.

As a result, the total amount of bonuses paid to its associates does not limit the ability of the Company to ensure a sound capital base or increase their capital base. The Company considers that the way it remunerates associates is consistent with sound and effective risk management and is broadly in line with the market.

Guaranteed Variable Remuneration
It is not the normal policy of the Company to guarantee any element of variable remuneration for any staff. In exceptional circumstances the Company will only consider guaranteeing an element of an individual's variable remuneration where the guarantee is limited to the variable remuneration to be paid to the individual in respect of their first year of service and the Company considers that: (i) there are exceptional circumstances which justify the guarantee; (ii) the offer of the guarantee is necessary to attract that individual to join the Company; and (iii) the Company has a strong capital base so the offer or payment of the guarantee will not expose the Company to excessive risk.

Severance Pay
It is the Company's policy not to enter into contractual arrangements with employees which may have the effect of rewarding either poor performance or conduct which exposes the Company to excessive risk. Specifically, the Company reserve the right to dismiss an associate without payment in circumstances where it has reason to believe there has been gross misconduct, gross negligence, or other grounds justifying immediate dismissal.

Employees are generally employed on contracts of employment which are terminable on no more than six months' notice and it is not the Company's policy to make contractual provision for payments on termination other than those which are in lieu of notice.

On termination of employment by dismissal other than redundancy, the Company will generally only make payments to employees which it considers reflect the value of their statutory and contractual rights. It is not the Company's policy to make ex gratia payments to employees on termination of their employment and such payments will only be made in exceptional circumstances and where they are compatible with effective risk management and do not reward failure.

Deferral

While RJIS is not subject to the requirements for deferral under the standard Remuneration Code requirements, variable pay for MRTs (and other staff as appropriate) will normally be distributed with an element of deferral to accord with the MIFIDPRU Remuneration Code requirements. MRTs' deferral is contingent on long term group performance conditions, appropriate personal conduct and the application of malus and clawback. Together with the use of targets and objectives this ensures that variable pay for MRTs has a strong multi-year performance link.

Quantitative Disclosures

Quantitative disclosures required under MIFIDPRU 8.6.8 are provided below for the year ended 30 September 2024.

During the period, there were a total of 9 material risk takers (MRTs) identified by the Company under SYSC 19G.5.

The table below provides quantitative disclosures for the requirements under MIFIDPRU 8.6.8 (2) and (4):

MIFIDPRU 8.6.8	Remuneration (£'000)	Total	Fixed	Variable
(2)	All Staff	20,674	16,797	3,877
	MRTs	3,341	1,815	1,526
	Other Staff	17,333	14,982	2,351

The table below provides quantitative disclosures for the requirements under MIFIDPRU 8.6.8 (5):

MIFIDPRU 8.6.8 (5)	Remuneration (£'000)	Senior Management	Other Material Risk Takers
(a)	the total amount of guaranteed variable remuneration awards made during the financial year and	0	0
	the number of material risk takers receiving those awards	0	0
(b)	the total amount of the severance payments awarded during the financial year and	0	0
	the number of material risk takers receiving those payments	0	0
(c)	the amount of the highest severance payment awarded to an individual material risk taker.	0	0