

TU Financial Management Services Limited - MIFIDPRU 8 Disclosure Statement

1. Introduction

The Financial Conduct Authority's ("FCA" or "regulator") Prudential sourcebook for MiFID Investment Firms ("MIFIDPRU") sets out the detailed prudential requirements that apply to TU Financial Management Services ("TUFMS") Limited. In particular, Chapter 8 of MIFIDPRU ("MIFIDPRU 8" or the "public disclosures requirements") sets out public disclosure obligations with which the Firm must comply, further to those prudential obligations.

TUFMS is classified under MIFIDPRU as a small and non-interconnected investment firm ("SNI MIFIDPRU investment firm"). As such, MIFIDPRU 8 requires TUFMS to disclose information regarding the Firm's remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm's culture, and to assist stakeholders in making more informed decisions about their relationship with the Firm.

This document has been prepared by TUFMS in accordance with the requirements of MIFPRU 8 and have been approved by the TUFMS Board. All figures are as at the 31st March 2023 financial year-end.

2. Remuneration Policy and Practices

Overview

As an SNI MIFIDPRU investment firm, TUFMS is subject to the basic requirements of the MIFIDPRU Remuneration code, the purpose of which is to:

- promote effective risk management in the long-term interests of the Firm and its clients;
- ensure alignment between risk and individual reward;
- support positive behaviours and a healthy firm culture; and
- discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of TUFMS's remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking that is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, TUFMS recognises that remuneration is a key component in how the Firm attracts, motivates and retains quality staff and sustains consistently high levels of performance, productivity and results. As such, the Firm's remuneration philosophy is also grounded in the belief that its people are the Firm's most important asset and greatest competitive advantage.

TUFMS is committed to excellence, teamwork, ethical behaviour and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, conduct and results.

Characteristics of the remuneration policy and practices

Remuneration at TUFMS is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. Variable remuneration is paid on a discretionary basis and takes into consideration the Firm's financial performance and the performance of the individual in contributing to the Firm's success. The sole staff member of TUFMS is eligible to receive variable remuneration.

The key financial performance metric is risk adjusted profits for the TUFMS business as a whole, after fully taking into account the Firm's regulatory capital and liquidity requirements, as part of the annual Internal Capital and Risk Assessment ("ICARA") exercise.

Non-financial criteria will include meeting relevant individual objectives and goals. Any issues of a disciplinary nature, such as non-adherence to the FCA's conduct rules will be taken into account when determining individual remuneration.

The fixed and variable components of remuneration are appropriately balanced: the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. This allows for the possibility of paying no variable remuneration component, which the Firm would do in certain situations, such as where the Firm's profitability performance is constrained, or where there is a risk that the Firm may not be able to meet its regulatory capital or liquidity requirements.

Governance and Oversight

The Chairman's Committee, as delegated by the Board, is responsible for setting and overseeing the implementation of TUFMS's remuneration policy and practices, in relation to the sole member of staff. (The Non-Executive Directors are paid a nominal fixed fee based on market rates for a company of TUFM's small size and scale. Decisions on the Chair's fee would be made by the Deputy Chair, taking soundings from the other Directors, as appropriate.)

In order to fulfil the above responsibility, the Chairman's Committee:

- ensures that it is able to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital and liquidity;
- ensures remuneration decisions are consistent with effective risk management;
- ensures that remuneration policy and practices take into account the long-term interests of shareholders, investors and other stakeholders in the Firm; and
- ensures that the overall remuneration policy is consistent with the business strategy, objectives, values and interests of the Firm and of its clients.

TUFMS's Remuneration Policy Statement is reviewed and approved annually by the TUFMS Board and all material decisions taken by the Chairman's Committee in relation to remuneration are reported to the Board for ratification.

3. Quantitative Remuneration Disclosures

For the financial year 1st April 2022 to 31st March 2023, the total amount of remuneration awarded to all staff was £223,542, of which £208,543 constituted the fixed component of remuneration, and £15,000 constituted the variable component. For these purposes, 'staff' includes the sole employee and the Non-Executive Directors.

12th July 2023