Mitsubishi UFJ Trust International Limited

IFPR Disclosure

Year ended 31 December 2023

1 Overview

1.1 Background

The Investment Firm Prudential Regime ("IFPR") came into force on 1 January 2022. The regulation aims to streamline and simplify the prudential requirements for UK investment firms. The regime includes disclosure requirements which are designed to increase transparency and confidence in the market and give stakeholder and market participants insight into how MIFIDPRU firms are run.

1.2 About MUTI

Mitsubishi UFJ Trust International ("MUTI" or "the Firm" or "the Company") is a securities firm with its Head Office in London and a Branch in Singapore. Incorporated in 1986, MUTI is a wholly owned UK subsidiary of Mitsubishi UFJ Trust and Banking Corporation ("MUTB"), part of the Mitsubishi UFJ Financial Group ("MUFG").

MUTI's core business is sales and trading and securities financing. MUTI is authorised and regulated by the Financial Conduct Authority ("FCA") and by the Monetary Authority of Singapore ("MAS") in Singapore.

Under IFPR MUTI is categorised as a non-SNI MIFIDPRU investment firm due to its client money and asset balances and the regulatory permission in place to deal on its own account.

The Company and MUTB have agreed that the Company's Securities Financing business line would be transferred to MUTB London Branch (FRN: 124708) (the "SF Business Transfer"). Following receiving regulatory approval from the Japanese Financial Services Agency ("JFSA")) the SF Business Transfer was completed on 26 February 2024.

The remaining fixed income Sales and Trading business of MUTI is expected to be subject to a management buy-out ("MBO"). Following completion of the MBO, MUTB will continue to hold 24% of the share capital in MUTI and the remaining 76% of the share capital will be held by senior management and employee investors. The Sales and Trading business line in fixed income products will continue broadly unchanged.

The expected impact of the SF Business Transfer and intended MBO is that the regulatory capital requirement would be significantly lower than it is currently. MUTB and MUTI have therefore agreed to a capital restructuring, subject to the necessary regulatory approvals, in the form of a reduction in capital.

MUTI anticipates a reduction in fully paid-up share capital from £40,000,000 to £8,000,000 following the MBO, whereby surplus share capital and retained earnings will be returned to MUTB.

1.3 Basis and frequency of disclosures

This document, prepared according with the rules set out in MIFIDPRU 8, outlines the IFPR disclosure for MUTI as at 31 December 2023.

Unless otherwise stated, all figures are as of 31 December 2023, MUTI's financial year-end. The disclosures may differ from similar information in the Annual Report and Accounts prepared in accordance with UK GAAP; and therefore may not be directly comparable with that information.

MUTI's IFPR disclosure is published annually concurrently with the Annual Report and Accounts in accordance with regulatory guidelines.

1.4 Location and verification

These disclosures have been reviewed and approved by MUTI's Board of Directors and will be published on MUTI's parent company's corporate website. All figures disclosed within this document have been subject to internal verification. These disclosures have not been externally audited and do not constitute any part of MUTI's financial statements.

1.5 Scope

MUTI applies the own funds and liquidity adequacy rules on a stand-alone, solo basis for MUTI and its Singapore Branch. All disclosures required by the IFPR have been included, except where the Firm is permitted to exercise judgement in terms of proportionality, or where the disclosure would not be applicable to MUTI's business.

2 Risk Management Objectives and Policies

2.1 Risk Management Framework

MUTI's Risk Management objective is to proactively manage all risks of harm inherent in its business in line with the Firm's Risk Appetite Statement. The Board of Directors and Senior Management are ultimately responsible for all elements of risk management at MUTI.

MUTI has implemented and embedded a firm-wide risk management framework to ensure the management of risks is effective and consistent in the long term and undertaken in line with applicable regulatory requirements and the Company's risk appetite. MUTI's system of internal control is outlined in its Risk Management Policy as well as in its sub-policies and procedure manuals which are maintained by the relevant departments and administered by Risk Management.

MUTI has specific policies in place for the individual risk types the Firm has identified as being inherent in its business model, this includes policies for credit risk, market risk, operational risk and liquidity risk management. These are supported by a number of other policies including the Concentration Risk Management Policy, New Product and Business Policy, Stress and Scenario Testing Policy, and Business Continuity Policy. Policies are reviewed at least annually, or as and when it is deemed necessary, and the procedure manuals which put the policies into effect are reviewed at least on a semi-annual basis. This is supplemented by internal audit reviews of the effectiveness of the Risk Management Framework.

MUTI conducts a thorough harm assessment of the risk its business poses to its clients, the market, and the Firm itself on an on-going basis. This assessment is formally reviewed each year, with the results set out in the Risk Register and Liquidity Risk Register. These harms are then considered as part of the Company's scenario and stress testing framework and the Internal Capital Adequacy and Risk Assessment Process ("ICARA"). The stress testing and scenario analysis performed within the overall Risk Management framework are used to calculate elements of MUTI's own funds and liquid assets requirement.

MUTI's control environment is managed through an organisational structure aligned to support the safe conduct of business operations through the "three lines of defence" risk management model, whereby the traders and other generators/processors of business are seen as the first line of defence for control purposes. This is supported by a number of oversight functions in the second line of defence such as Risk Management and Compliance with a fully independent UK Audit Office ("UKAO") function, a division of MUTB, providing the third line of defence. This ensures the adequacy and effectiveness of the Firm's risk management arrangements, in line with the size and nature of the Firm's business.

2.2 Risk Appetite

The Board is responsible for setting the risk appetite of MUTI and establishing an appropriate system of internal controls to ensure business is undertaken in line with the risk appetite. In MUTI, risk appetite is defined as the amount of risk the Firm is willing to take in the pursuit of generating, processing, and recording business and meeting its strategic objectives. The Risk Appetite Statement is reviewed by the Board at least on an annual basis.

The Board and Senior Management of MUTI acknowledge that the link between risk tolerance, risk appetite, limit setting, the ICARA and the strategic decision-making process is a key tool that is embedded throughout the business in order to continue to foster effective risk management.

In addition to setting out the risk appetite, MUTI also considers its risk tolerance within the Risk Appetite Statement, this being the level of risk that MUTI is able to take, compared with the amount of risk that it is willing to take to achieve its objectives. In that regard, the amount of own funds and liquid assets MUTI holds, defines the level of risk the Firm is able to tolerate.

2.3 Risk Management Function

MUTI has a Risk Management department which is independent of the business and reports via the Risk Committee to the Board of Directors. The Risk Management department manages all aspects of risk within MUTI and is overseen by the Head of Risk Management. The Risk Management function implements the risk management policies set by the Board Directors, in line with the Company's risk appetite. The department functions as the second line of defence within the Firm's "three lines of defence" model, through its risk management framework - risk identification processes, monitoring, and reporting.

Risk Management provide an annual report to the Board which considers the effectiveness of the Company's systems and controls. The latest report concludes that MUTI's systems and controls in respect of the relevant regulatory requirements, and the practical need to manage MUTI's risk effectively are adequate and appropriate.

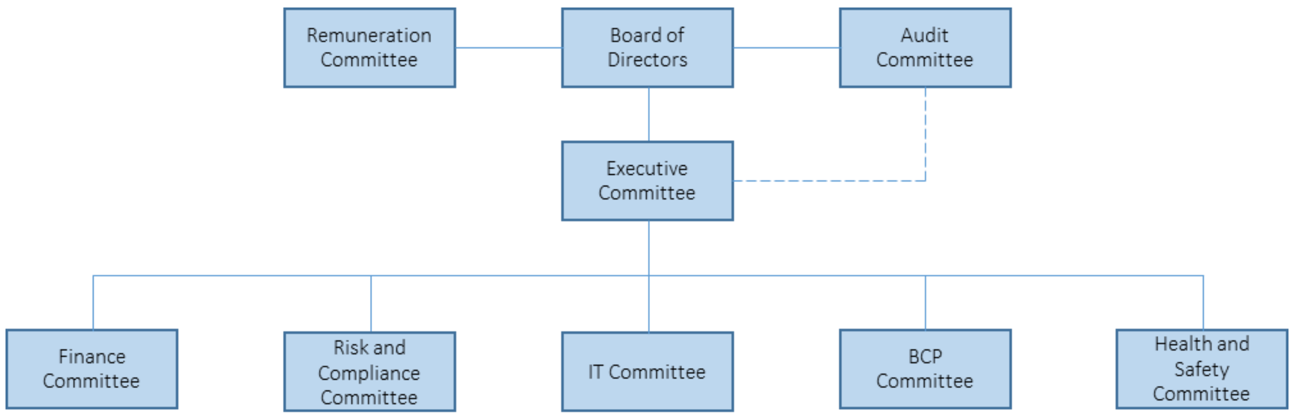
3 Governance Arrangements

3.1 Board Oversight of Governance Arrangements

MUTI considers the Board of Directors as its management body. The Board of Directors have ultimate responsibility for the management of the Firm. This includes responsibility for establishing and monitoring the governance framework.

Committee Structure

The diagram below outlines MUTI's committee structure.



Board of Directors

MUTI's Board is accountable to its sole shareholder and stakeholders. The powers reserved to the Board are set out in its Terms of Reference. These powers include the approval of MUTI's annual accounts and director's report, annual business plan, budget, and the appointment and removal of directors and Company Secretary. The Board receives notice of and approves director's conflict of interests, where relevant, is responsible for setting and approving remuneration structures set out in MUTI's Remuneration Policy and, as noted above, also determines the risk appetite.

Executive Committee

The Board has delegated its powers of management to the Executive Committee, attended by two statutory executive directors and upper management. The purpose of the committee, amongst other things, is to conduct the operational management of the Firm, assist the CEO and COO in overseeing and maintaining systems and controls, and recommend significant changes in accounting policies and practice.

Risk and Compliance Committee

The Risk and Compliance Committee, a sub-committee of the Executive Committee, is held on a monthly basis to establish and maintain adequate policies and procedures sufficient to ensure compliance of the Firm under the regulatory system and formally discuss, evaluate, and resolve the risks that MUTI poses to itself, its clients, and the market. It is attended by the CEO, COO, Head of Risk, Head of Compliance, and selected department heads.

The requirements to establish Risk, Remuneration and Nomination committees set out in MIFIDPRU 7.3 do not apply to MUTI. MUTI has however chosen to hold a Risk and Compliance and Remuneration Committee.

Audit Committee

The audit committee is attended by four members of the Board, as well as other upper management and is chaired by the independent non-executive director. The committee's purpose includes monitoring the integrity of the financial statements of the Company, the effectiveness of the Company's internal audit function, and to make recommendations to the Board for the appointment of the external auditor.

Management Information and Reporting to the Board

The provision of accurate and timely information to the Board and Senior Management is a key tool in the effective management of risk, and for enabling the Board and Senior Management to effectively oversee the governance framework in MUTI.

In addition to the regular reports made by the Committees to the Board, annual reports are provided by the MLRO, Risk Management, Internal Audit, and the Client Asset Oversight function. There is also a monthly Finance Committee to formally discuss financial reporting, budget proposals, capital requirements, performance, and other related management information. This committee reports to the Executive Committee and provides management information to the Board of Directors.

3.2 Board Recruitment Policy

As a wholly owned subsidiary, the parent company plays a key role in the shortlisting of candidates for the non-executive directors who are employees of the parent company. Suitable candidates are identified and put forward for Board approval.

Board member selection is based on the individual's personal merits, knowledge, and experience, taking into consideration their overall suitability for the role, including length of time with the MUFG Group (for directors who are employees of the parent company), track record and international experience.

3.3 Board Diversity

MUTI is committed to promoting equal opportunities in employment, and fully supports the rights and opportunities of all people to seek, obtain and hold employment without discrimination. The Company strongly supports the principle of diversity within its business and recognises the benefits of a diverse Board of Directors, and looks to balance a variety of qualities, competences, and background and experience. This is embedded to reflect the overall profile of the Company and the desirability of working towards a more diverse demographic and ensuring the promotion of equal opportunities in all employment

MUTI has a strong Board of experienced Directors with diverse backgrounds and skills. During the appointment process of a new Director, MUTI considers how the individual complements the collective suitability of the Board to ensure it is able to carry out its fiduciary and general duties of reasonable care, skill and diligence through deep knowledge and expertise, demonstrating strong leadership, business acumen and sound judgement.

3.4 Directorships Held by the Board

As of 31 December 2023, MUTI has six statutory directors, of whom there are two executive directors and four non-executive directors, including one independent non-executive director.

MUTI's management body hold directorships at various group companies and entities which do not pursue predominantly commercial objectives. One of MUTI's non-executive directors holds one directorship at a non-group company which pursues predominantly commercial objectives.

3.5 Investment Policy

Whilst MUTI is classified as a non-SNI MIFIDPRU investment firm, the Company meets the relevant conditions set out in MIFIDPRU 7.1.4R. The Company is therefore not required to disclose its investment policy.

4 Own Funds

MUTI's entire own funds qualify as Common Equity Tier 1 ('CET1') capital. No regulatory adjustments have been made to CET1 capital. MUTI has no Additional Tier 1 ('AT1') capital instruments and no Tier 2 ('T2') capital instruments or provisions.

Composition of Own Funds

	Item	Amount (GBP thousands) thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**55,296**	Note 14
2	**TIER 1 CAPITAL**	**55,296**	Note 14
3	**COMMON EQUITY TIER 1 CAPITAL**	**55,296**	Note 14
4	Fully paid-up capital instruments	40,000	Note 12
5	Share premium		
6	Retained earnings	15,296	Note 13
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET 1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET 1: Other capital elements, deductions, and		
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		

Reconciliation of Own Funds to Balance Sheet in the Audited Financial Statements

MUTI's accounting balance sheet is prepared on the same basis as the Firm's 'regulatory balance sheet'. The Shareholder's Equity listed below includes £55,296k CET1 Capital. There is no dividend proposed for the year.

		A	B	C
		Balance sheet as in published/audited financial statements	**Under regulatory scope of consolidation**	**Cross-reference to template Of 1**
		As at period end	**As at period end**	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements (GBP thousands)*				
1	Tangible Assets	762		
2	Investments	46,084		
3	Debtors	3,807		
4	Cash at bank and in hand	8,466		
Total Assets		**59,119**		
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements (GBP thousands)*				
1	Creditors: amounts falling due within one year	3,823		
Total Liabilities		**3,823**		
Shareholders' Equity (GBP thousands)				
1	Called-up share capital	40,000	40,000	Item 4
2	Profit and Loss Account	15,296	15,296	Item 6
Total Shareholders' equity		**55,296**	**55,296**	

Description of Main Features – Common Equity Tier 1 Capital

The table below provides information on the capital instruments issued by the Firm.

Issuer Type	Mitsubishi UFJ Trust International Limited
Governing law(s) of the instrument	English Law
Regulatory treatment	
Instrument type	Ordinary shares
Regulatory Classification	Common Equity Tier 1 Capital
Amount recognised in regulatory capital (GBP millions, as of most recent reporting date)	40
Nominal amount of instrument	40,000,000
Issue price	£1.00
Accounting classification	Shareholders' equity
Original date of issuance	5th December 2005
Perpetual or dated	Perpetual
Original maturity date	No maturity
Coupons / dividends	
Fixed or floating dividend/coupon	Floating
Existence of a dividend stopper	No
Fully discretionary, partially discretionary, or mandatory (in terms of	Fully discretionary
Fully discretionary, partially discretionary, or mandatory (in terms of	Fully discretionary
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	Non-convertible
Existence of step up or other incentive to redeem	No

5 Capital Requirements

5.1 Own Funds Requirement

MUTI's Own Funds Requirement is determined by the highest of the following three requirements:

- Permanent Minimum Capital Requirement (PMR) - £750k
  - An FCA prescribed minimum level of own funds determined by the activities carried out by the firm

- Fixed Overheads Requirement (FOR) - £5,792k
  - One quarter of MUTI's annual fixed overheads

- K-Factor Requirement - £4,189k
  - The sum of the individual own fund requirements for the K-factors, based on the level of firm activity

K- Factor	Description
K-AUM	Assets under management
K-COH	Client orders handles
K-ASA	Assets safeguarded and administered
K-CMH	Client money held
C-NPR	Net Position Risk
K-CMG	Clearing margin given
K-TCD	Trading counterparty default
K-DTF	Daily trade flow
K-CON	Concentration Risk

MUTI's Own Funds Requirement is therefore determined by its Fixed Overhead Requirement Requirement - FOR - £5,792k

K-Factor Breakdown

Item - Amount (GBP thousands)		
K - Factor	Σ K-AUM, K-CMH AND K-ASA	2,594
	Σ K-DTF and K-COH	1,259
	Σ K-NPR, K-CMG, K-TCD and K-CON	336
Total		4,189

5.2 Approach to Assessing the Adequacy of Own Funds

The IFPR requires firms to ensure sufficient own funds and liquid assets are held at all times to meet the Overall Financial Adequacy Rule. This is assessed through the ICARA process which aims to identify, monitor and reduce all potential material harms that may result from the ongoing operations, or winding down of, a firm's business; and assess adequacy of financial resources. This process is seen as the output of MUTI's Risk Management Framework.

As part of its ICARA, MUTI has considered its business model and strategy, and identified the material harms that could result from the ongoing operations of its business, and the winding down of the Firm. Own funds and liquid asset requirements are then calculated based on internal assessment methodologies in accordance with the Firm's Stress and Scenario Testing Policy.

The ICARA, approved by the Board, concludes that the amount and quality of MUTI's own funds and liquid assets, core and non-core, are adequate to meet the Overall Financial Adequacy Rule.

6 Harms Associated with MUTI's Business Model

6.1 Overview

As part of the Firm's ICARA, MUTI carried out a thorough assessment of the ongoing operation of its business to identify the harm that the Firm poses to its clients, the market, and the Firm itself. The business model and strategy was considered along with operational incidents, internal audit report, external events, and cash flow analysis.

MUTI operates a low risk business model in line with the Firm's low risk appetite. The potential areas for harm associated with MUTI's business strategy are outlined below.

6.2 Own Funds

The primary harm associated with MUTI's business model is harm to the Firm itself. This mainly comes in the form of operational and credit risk. Harm to client must also be considered, principally in the securities financing business, in which MUTI undertakes transactions on clients' behalf and administers a balance of client assets. Given the size and nature of MUTI's business, the risk of harm to market is considered to be small.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, or systems or from external events. Operational risk is inherent in MUTI's business and is mitigated through departmental policies, procedures and controls. The Operational Risk Management Policy sets out the operational risk management framework, structure, methodology and sub-policies for the identification, measurement, mitigation and ongoing monitoring and reporting of MUTI's operational risk. MUTI acknowledges that certain operational risks cannot be avoided when undertaking financial services and these must instead be effectively and proactively managed. MUTI ensures that it holds sufficient own funds to cover those risks that cannot be removed completely and has also taken out appropriate insurance policies as a further mitigating measure.

MUTI is exposed to credit risk arising from both of its core business lines, sales and trading and securities financing, in particular counterparty credit risk where a counterparty defaults or fails to meet their obligations on that trade, for example failing to buy or sell securities to MUTI as agreed.

MUTI has various processes in place to manage and mitigate credit risk including counterparty credit limits, taking collateral with daily margin calls and the use of standardised documentation in respect of its securities financing business. Credit risk is managed within MUTI's overall risk management framework under the Firm's Credit Risk Management Policy.

6.3 Concentration Risk

Concentration risk is the risk posed by a large exposure to a single counterparty or exposures to several counterparties within the same group of companies. It can also arise from exposure to geographic or product concentrations which can increase MUTI's exposure to credit risk. The processes for managing MUTI's concentration risks are set out in the Credit Risk Management and Concentration Risk Management policies.

MUTI manages its concentration risk through the setting of exposure limits and the regular monitoring of these limits. The limit setting process makes use of the IFPR concentration risk rules in order to determine limits per counterparty and trade type that are in line with MUTI's Risk Appetite.

6.4 Liquidity

Liquidity risk is the risk that a firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due or can secure such resources only at excessive cost. Under normal circumstances, with funding available, the Firm utilises liquidity to efficiently operate its business. Should the funding environment deteriorate, actions are available to significantly reduce the Firm's liquidity requirements whilst continuing to operate the Firm's core business. In the event of a significant stress, such as the failure of a counterparty, additional funding requirements may arise, exposing MUTI to a contingent liquidity risk.

MUTI has policies and processes for the identification, measurement and management of its liquidity risk. Liquidity risks are recorded within the Liquidity Risk Register, with transactional liquidity requirements also mapped in liquidity flow diagrams. The Firm's net funding position and requirements are monitored on an ongoing and forward-looking basis. MUTI also undertakes stress testing and scenario analysis under stressed market conditions. MUTI's cash position is monitored by the Risk Management and Finance departments in conjunction with the Transaction Processing department who are responsible for cash management on a daily basis.

7 Remuneration

7.1 Governance

The Board has overall responsibility for setting and approving remuneration structures set out in MUTI's Remuneration Policy. The Board has established a Remuneration Committee to oversee the implementation of the policy and record remuneration decisions such as the level and types of remuneration awarded. The Remuneration Committee reports directly to the Board and meets on an annual basis, and on request by a Committee Member. The Committee is composed of the two Statutory Executive Directors, the most senior representative in HR and MUTI's Independent Non-Executive Director, the Chairman of the Committee.

MUTI ensures that its remuneration policies and practices are in line with the business strategy, objectives and long-term interests of the Firm as per SYSC 19G.2.9R. It is MUTI's policy to discourage risk taking that is not in line with MUTI's low risk appetite as described by the Board. As such, the remuneration practices are structured and transparent and based, primarily, on historic performance and not future incentives. Where it relates to quantitative performance, metrics are based on realised profits and, as such any risks have already been realised.

MUTI takes into account both financial and non-financial criteria when establishing variable remuneration. The Remuneration Committee may decide to make adjustments by reducing variable remuneration in cases of poor conduct or where transactions have led to a loss. This ensures staff's interests are aligned with the interests of MUTI and its clients and encourages and promotes risk awareness. MUTI's remuneration policy does not explicitly take into account sustainability risks. However, it applies the principle of effective risk management to all relevant forms of risk, which may include sustainability risk where relevant. Remuneration is determined predominantly on a qualitative basis, as such the risk of staff being incentivised to engage in excessive risk is considered to be very low.

When developing its Remuneration Policy, MUTI used the consultancy services of Mazars LLP.

7.2 Remuneration Structure

The structure of remuneration, including its qualitative elements, is intended to encourage responsible business conduct and not create conflicts of interest. In particular, to ensure appropriate consideration is given to risks of mis-selling and unfair treatment of clients that could arise through incentives, and that such risks are appropriately mitigated in line with MUTI's Conduct Risk Management and Fair Dealing Policy and Conflicts of Interest Management Policy.

MUTI considers that fixed remuneration reflects a staff member's professional experience and organisational responsibility as set out in their job description and terms of employment and it is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance. For example, MUTI categorises employee salaries and expatriate allowances as fixed remuneration.

MUTI considers that variable remuneration is based on performance, reflecting the long term performance of the business and individual in excess of the individuals' job description and terms of employment. For example, MUTI categorises bonus awards and hiring bonuses as variable remuneration.

MUTI ensures that the fixed and variable components of total remuneration are appropriately balanced and that the level of the fixed component represents a sufficiently high proportion of the total remuneration, to allow for flexibility of the variable remuneration, including the possibility of no variable remuneration being awarded.

It is MUTI policy for remuneration to be in line with the market to ensure it is competitive and relative to prevalent market conditions. MUTI also ensures that variable remuneration does not affect the Firm's ability to ensure a sound capital base and adheres to its regulatory capital requirements.
MUTI does not make payments in respect of potential future revenues, rather bonuses are based on actual profit generated.

When assessing individual performance to determine the amount of variable remuneration to be paid to an individual, MUTI will take into account financial as well as non-financial criteria. When considering non-financial criteria, MUTI looks at the annual Performance Development Review (“PDR”) as well as any potential issues relating to the FCA’s conduct rules. It is recognised that non-financial criteria may, in some cases, override the financial criteria, where appropriate. For the Executive Directors, the Board of Directors oversees their performance.

Variable remuneration of revenue generating Material Risk Takers (“MRTs”) is based on a strict mathematical formula (quantitative element), however the PDR also takes into consideration qualitative performance which is not linked to the quantitative element. The bonus is fully discretionary and takes into consideration risk factors based on individual overall performance including conduct, regulatory and risk matters as described in this Disclosure. Operations staff bonuses are also entirely discretionary, based on qualitative assessments of individual performance. There are no individual financial performance measurements for Operations staff, however the overall performance of the Firm is taken into account and any bonus can be adjusted on this basis.

The remuneration of senior officers in control functions (Risk and Compliance) is directly overseen by the Remuneration Committee to ensure their independence is not compromised or conflicted.

All staff, with the exception of Non-Executive Directors, are eligible to be considered for variable remuneration. It is MUTI's policy not to award variable remuneration to Non-Executive Directors.

All Staff
The basic principles of the MIFIDPRU Remuneration Code apply to all staff. These are aimed to promote effective risk management, ensure alignment between risk and individual reward, support positive behaviours and healthy firm culture, and discourage behaviours than can lead to misconduct and poor customer outcomes.

Material Risk Takers
When determining variable remuneration, the FCA requires that the performance assessment is based on a multi-year period which takes into account the business cycle of the Firm and its business risks. The Firm’s variable remuneration is based on a combination of performance assessments of the individual, the business unit concerned and the overall results of the Firm. When assessing performance of MRTs, MUTI includes an assessment of the prior performance year in addition to the current performance year. In addition, to account for any potential conduct risk issues crystalising post the variable remuneration award, MUTI has also implemented a number of ex-post risk adjustments to its variable remuneration as outlined below.

7.3 Ex-Post Risk Adjustments

MUTI has implemented ex post risk adjustments to its remuneration policies which can be applied to unvested variable remuneration of those employees whose roles and responsibilities include areas where failures or poor performance contributed to, or failed to prevent, the crystallization of risk including cases of misconduct. MUTI ensures that adjustments to variable remuneration may be applied at all levels (business unit, trading desk or individual level) and such adjustments are informed by elements of both the current and future financial and non-financial risk, taking into account the requirements in SYSC 19G.6.15 R – SYSC 19G.6.18R.

The Remuneration Committee has discretion to vary bonus pools depending on the Company’s performance or in light of any perceived risks. Discretion can be applied at any time up to payment date of bonuses. The Remuneration Committee makes the decision to exercise discretion based on the Remuneration Policy and adjustments are considered on a case-by-case basis, taking into account current and future risk and MUTI’s capital and liquidity requirements. MUTI’s total variable remuneration will be considerably contracted, including through malus or clawback arrangements (as outlined below), where the financial performance of the Firm is subdued or negative.

MUTI applies the use of in year adjustments by reducing variable remuneration for the current year taking into account crystalised risks or adverse performance outcome including relating to misconduct. In year adjustments would apply to all staff and will be considered as part of the PDR process.

When applying Malus or Clawback, MUTI considers all types of risks including conduct risk, operational risk, and regulatory risk, in particular whether the individual has participated in or was responsible for conduct which resulted in significant losses to the Firm; and/or they failed to meet appropriate standards of fitness and propriety. MUTI will also take into account FCA's General Guidance on the application of ex-post risk adjustments to variable remuneration.

Any deferred remuneration will be subject to malus. Prior to the deferred remuneration vesting, MUTI will consider if there are any events that could have triggered malus and would therefore affect the remuneration. This may result in reducing or cancelling variable remuneration that has not yet vested. For the avoidance of doubt, malus can be applied until the award has vested in its entirety.

MUTI has implemented contractual provisions for MRTs allowing it to implement clawback as a measure of recouping already vested remuneration awards. To ensure sound risk management and healthy firm culture MUTI has determined it is appropriate the application of clawback is broadened to a wider category of front office staff in addition to MRTs.

When setting up the period for which clawback can be applied, MUTI considered the risks that may crystalise, including conduct risk.

MUTI does not generally award, pay or provide a guaranteed bonus or buy out awards, unless it is exceptional, limited to the hiring of new staff, occurs in the first year of service and MUTI has a strong capital base. MUTI would also ensure that it had the ability to claw-back if required to do so based on individual behaviour and performance. MUTI will seek to minimise the cost of severance payments to the business while complying with any contractual terms. MUTI also ensures that any payments relating to early termination of contract reflects performance achieved over the course of employment and does not reward failure or misconduct. MUTI will consider the following criteria:

- The circumstances of and reason for the termination of employment;
- The seniority and role of the staff member;
- The length of service of the staff member ; and
- Potential cost of the legal fees and any payments to settle the dispute.

MRT Identification and Numbers:
In the financial year ending on 31st December 2023, MUTI has identified the following categories of MRTs:

- SYSC 19G.5.3R (1) – A member of the management body in its management function
- SYSC 19G.5.3R (2) – A member of the management body in respect of the management body in its supervisory function
- SYSC 19G.5.3R (4)(c) – Staff members with managerial responsibility for a business unit carrying out dealing in investments as principal
- SYSC 19G.5.3R (5) – Staff members with managerial responsibilities for the activities of a control function
- SYSC 19G.5.3R (7) – Staff members responsible for managing a material risk within the Firm
- SYSC 19G.5.3R (8)(a) – Staff members responsible for managing information technology

In addition to the above categories of staff, MUTI has taken into consideration the criteria set out in SYSC 19G.5.3R and guidance in SYSC 19G.5.4 G to SYSC 19G.5.5 G in order to identify those individuals whose professional activities have a material impact on the risk profile of MUTI, either on a qualitative basis by the role they perform within the Firm, or a quantitative basis measured by the ratio of their fixed versus variable remuneration.

The total volume of MRTs in the performance year 2023 (including new joiners and leavers) was 24.

(GBP thousands)	Fixed Remuneration	Variable Remuneration	Total Remuneration
All staff	**13,565**	**2,851**	**16,416**
Senior Management and Other MRTs	**4,349**	**1,439**	**5,788**
Other Staff	**9,216**	**1,412**	**10,628**

(GBP thousands)	Guaranteed Variable Remuneration Received	Number Received Guaranteed Variable Remuneration	Severance Payments Received	Number Received Severance Payments	Highest Severance Payment Received
Senior Management and Other MRTs	71,342	4	42,250	1	42,250

When preparing the information for the above two tables in accordance with MIFIDPRU 8.6.8(4) and (5), MUTI has relied on the exemption in MIFIDPRU 8.6.8(7) and aggregated Senior Management and Other Material Risk Takers in order to prevent individual identification of a material risk taker.