Pershing Securities Limited

PUBLIC DISCLOSURE

MIFIDPRU 8

December 31, 2024

BNY | PERSHING

Executive summary

1 Introduction

This disclosure is published for Pershing Securities Limited (the 'Company') as at 31 December 2024. Disclosure is made in accordance with the requirements of the Investment Firms Prudential Regime[1] ('IFPR'). For completeness, the Company's risk management and governance arrangements are shared with its intermediate parent, Pershing Holdings (UK) Limited ('PHUK'), as well as with the other entities within Pershing Limited Consolidated ('PLC'), which collectively comprises Pershing Limited ('PL'), Pershing Securities Limited ('PSL'), Pershing Securities International Limited ('PSIL') and Pershing Channel Islands Limited ('PCI').

IFPR is the prudential regime for UK firms authorised under the Markets in Financial Instruments Directive ('MiFID'). The overall objective of the IFPR is to streamline and simplify the prudential requirements for MiFID investment firms to better reflect the business models and activities of those firms. More specifically, the IFPR refocuses prudential requirements and expectations away solely from the risks firms face, to also consider and look to manage the potential harm firms can pose to consumers and markets.

This disclosure was approved for publication by the Pershing UK Board of Directors (the 'Board') on 26 June 2025. The Company recognises the importance of risk management in the execution of its strategies and has defined the nature and levels of acceptable risk, which is formalised and monitored through its stated risk appetite. The Company considers that its risk management arrangements and systems are adequate with regards to its profile and strategy. The Company continues to monitor its risk profile as part of its regular business activities. Further, the Company has a Public Disclosure Policy and a control framework in place regarding the production and validation of MIFIDPRU 8 disclosures. Wherever possible and relevant, the Company ensures consistency between public disclosures, own funds reporting, and its Internal Capital Adequacy and Risk Assessment ('ICARA') content.

1.1 Scope of application

The IFPR framework comprises of three pillars; Own Funds, which sets out the minimum capital requirement that investment firms are required to hold under MIFIDPRU 3 and 4. Additional Own Funds concerns the supervisory review process within MIFIDPRU 7. This Public Disclosure promotes market discipline through the disclosure of key information around the composition and management of own funds, approaches to risk management, and remuneration. Accordingly, this disclosure contains the qualitative and quantitative information as required under MIFIDPRU 8[2].

The Company is assessed in accordance with MIFIDPRU 1.2 and is classified as non-SNI[3]. Therefore, this public disclosure focuses on items required for disclosure by non-SNI investment firms at the disclosure date. With consideration to MIFIDPRU 8.1.8 disclosures also include, where appropriate, comparative figures for the prior year and an analysis of the more significant movements to provide greater insight into risk management. Further, they provide specified information in relation to own funds and other risks to the client, the market, and the firm, and presents details about the management of those risks and the approach to remuneration. The Company does not meet the necessary criteria required for MIFIDPRU 8.7 disclosures on investment policy in the context of MIFIDPRU 8.7.8.

This disclosure has been prepared solely to meet the Company's public disclosure requirements in accordance with the IFPR and for no other purpose. This disclosure does not constitute any form of financial statement of the Company nor does it constitute any contemporary or forward looking record or opinion about the Company. Unless indicated otherwise, information contained within this document has not been subject to external audit.

Disclosure will be made annually based on calendar year-end in conjunction with the preparation of the Annual Report and Financial Statements of PSL, in accordance with MIFIDPRU 8.1.10. The Company will reassess the need to publish some or all of the disclosures more frequently than annually in light of any significant change to the relevant characteristics of their businesses including disclosure about capital resources and adequacy, and information about risk and other items prone to rapid change, in accordance with MIFIDPRU 8.1.11. Other risks that the Company is exposed to are also discussed in Appendix 1.

Disclosures are published on the BNY Pershing and BNY group websites which can be accessed using the links below, referring to the Additional Country Disclosures section.

BNY Pershing - Financial & Regulatory Disclosures and BNY Investor Relations - Pillar 3

[1] Investment Firms Prudential Regime
[2] MIFIDPRU 8.1 Disclosure
[3] MIFIDPRU 1.2 SNI MIFIDPRU investment firms

1.2 Scope of the company

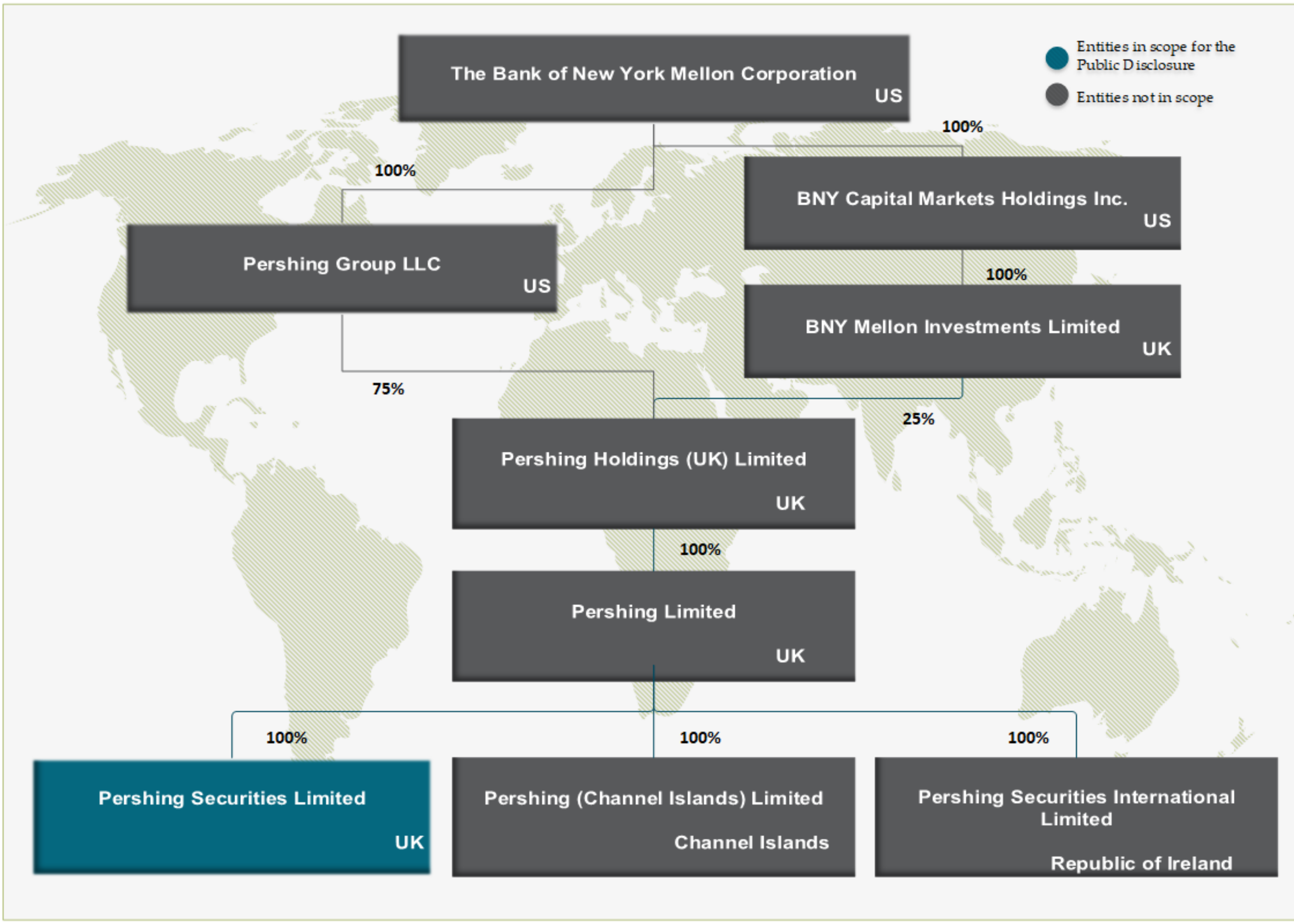
The Company provide a full range of execution, middle-office and post-trade services, investment administration, Self-Invested Personal Pension ('SIPP') operation services and related services. With consideration to MIFIDPRU 8.1.8, the Company's immediate parent undertaking is PL, which is, in turn a subsidiary of PHUK, a holding company. The Company's respective capital resources and requirements are covered in this disclosure. Disclosures under the IFPR framework are made on an individual basis in accordance with MIFIDPRU 8.1.7. Risk management and governance frameworks are both shared and managed at the PHUK level. The Company is regulated by the FCA and has a permanent minimum capital requirement of £750k. The Company's immediate parent, PL, was de-regulated in March 2024. From this date PL no longer provides regulated activities.

The Company and PHUK are incorporated in the UK and are operationally independent subsidiaries of Pershing Group LLC which is, in turn a subsidiary of the Bank of New York Mellon Corporation ('BNY'). As at 31 December 2024, Pershing Group LLC had over $2.5 trillion in assets under administration / custody.

BNY is a global financial services company; for 240 years it has partnered alongside clients, putting its expertise and platforms to work to help them achieve their ambitions. Today BNY helps over 90% of Fortune 100 companies and nearly all the top 100 banks globally to access the money they need. Further, BNY supports governments in funding local projects and works with over 90% of the top 100 pension plans to safeguard investments for millions of individuals. As of 31 December 2024, BNY oversees $52.1 trillion in assets under custody and/or administration and $2.0 trillion in assets under management.

BNY is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Headquartered in New York City, BNY employs over 50,000 people globally and has been named among Fortune's World's Most Admired Companies and Fast Company's Best Workplaces for Innovators. Additional information is available on www.bny.com.

Figure 1: PHUK legal entity structure at 31 December 2024



Note: As of March 2024 PL was de-regulated.

Basis of consolidation

Entity name	Services provided	Governing law (regulator)
Pershing Holdings (UK) limited ('PHUK')	Consolidated entity - PHUK is a holding company for a group of subsidiaries which provide a full range of execution, middle office and post trade services, investment administration, SIPP operation services and related services.	England & Wales
Pershing Securities Limited ('PSL')	Subsidiary - PSL provides a full range of execution, middle office and post trade services, investment administration, SIPP operation services and related services.	England & Wales ('FCA')

For completeness, PCI is regulated by the Jersey Financial Securities Commission ('JFC'). PSIL is regulated by the Central Bank of Ireland ('CBI') whose standalone public disclosure is prepared in accordance with the Investment Firms Regulation ('IFR') and published separately[1].

PSL offers tailored solutions to a number of market segments through two flexible business models:

Business Process Outsourcing (Model A)	Fully Disclosed (Model B)
This model is operated by PSL acting as agent for the client and all settlement accounts, capital and liquidity requirements are maintained in the name of the client.	This model is operated by PSL assuming the settlement obligations, capital and liquidity requirements of its clients in the marketplace. A key feature of this model is that it creates a tripartite or direct relationship for custody with the end investors and all accounts must be set up on a fully disclosed basis.

PSL is a member of the London Stock Exchange and the Frankfurt Stock Exchange. It is a general clearing member of LCH Clearnet SA, Euronext and the European Multilateral Clearing Facility N.V.

In addition to a custody service in the UK, PHUK also offers offshore custody through its Jersey entity; PCI. Custody in European Union is provided through PSIL.

Pershing Trading Services, provided by PSL based in the UK and PSIL in Ireland (to service EU clients), is an agency only model available in the following asset classes: funds, global equities, ETFs, bonds and currencies. The service includes electronic equities trading, advanced algorithmic technology and best of breed smart order routing technologies.

Risk

2 Risk management objectives and policies & Governance

2.1 Risk appetite and the approach to risk management

Risk is inherent in the Company's business activities. The Board establishes an acceptable risk profile and sets limits on the aggregate level and nature of the risk that the Company is willing to assume in achieving its strategic objectives.

The Risk Appetite Statement ('RAS') describes both the nature of, and tolerance for, the principal risks which are inherent in the Company's business: Strategic, Operational, Model, Credit, Capital, Market and Liquidity. Reputational and Litigation risks typically arise as a consequence of another risk event but are key considerations within the Company's overall risk management framework.

The RAS guides how the business strategy is pursued through defined decision-making processes while effectively managing risk collectively for PLC. Further, the RAS both informs and embodies the culture of PLC, characterised by prudent risk-taking and values around risk awareness, ownership and accountability. This is reinforced through policies, the Code of Conduct, human resource standards and the Company's senior leaders, who set an appropriate 'tone from the top'.

The Company plays an important role in the financial markets in which it operates and to its clients. Consequently, the Company incorporates Operational Resiliency considerations into its business operations to mitigate the risk of service disruptions. This includes the development of business continuity and disaster recovery plans which can be activated in the event of a business disruptive incident. Although it is accepted that the business will be impacted by external events, the Company has a low appetite for service disruption and aims to minimise the disruption to client services as a result.

The RAS is reviewed by the Board on at least an annual basis and is updated where necessary to ensure that it is focused on the key risks relevant to PHUK and its Companies. RAS metrics and thresholds are built into PLC's operating processes with business and control functions reporting performance against RAS limits to the Pershing Risk Committee ('PRC') with subsequent reporting and escalations to the PLC Executive Committee and the Board as appropriate.

[1] Pershing Public Disclosures

2.2 Risk management framework

To facilitate the effective management of risks corresponding to the execution of the business strategy, the Company has largely adopted the Group risk management framework to ensure that:

- Material risks are consistently and appropriately identified, assessed, quantified, and monitored;
- Risk limits are in place to govern risk-taking activities across the business;
- All strategic decision making takes place within defined governance structures and is evaluated against the stated risk appetite;
- Regular monitoring and reporting of key risk metrics to senior management and the Board occurs; and
- The capital and liquidity planning process takes account of all of the inherent risks as well as an additional stress testing component.

The Risk Identification ('Risk ID') process and the Risk and Control Self Assessments ('RCSAs') form core components of the risk management framework and provide a holistic overview of the Company's risk profile and material controls. This output is discussed and challenged within the Pershing Risk Committee ('PRC') and Board meetings.

In line with Group policy, the Company has adopted the 'Three Lines of Defence' model in deploying its risk management framework. The primary responsibility for risk management rests with the first line of defence. The second line of defence Risk and Compliance functions provide advice to the first line to promote effective management of the risks, whilst ensuring appropriate review and challenge. The third line of defence is Internal Audit, which independently provides assurance that the governance structures, risk management and internal controls in place are effective.

Governance

2.3 Board of Directors

The Board is the senior strategic and decision making body and consists of senior representatives from BNY as well as PLC management. There are two independent non-executive directors on the Board.

The Board has overall responsibility for the establishment and maintenance of the Company's risk appetite framework and for the approval of the Risk Appetite Statement. The Board ensures that strategic business plans are consistent with the approved risk appetite.

Whilst the Board is ultimately responsible for both the management and oversight of risks within the Company, together with the quality and effectiveness of internal controls, it delegates the day to day risk management oversight to the PLC Executive Committee ('ExCo'), supported by its risk management committees. It is also responsible for reviewing, challenging and approving all risk management processes including risk identification and assessment, stress testing and capital adequacy. The various control functions provide further support for the management of risk within the business.

The Board meets at least quarterly and the table below shows the members of the Board along with its committees as of 31 December 2024:

Board member	Function at PHUK Group	Other External Directorships (for profit organisations only)
E Gilvarry	Independent Non-Executive Director	3
D Wallestad	Executive Director, Head of Pershing EMEA	0
M McPhail	Independent Non-Executive Director, Chair of PL, PSL and PHUK Boards	1
C Neate	Group Non Executive Director	1
A Roberts [1]	Executive Director, Chief Financial Officer	0
C Clifford	Executive Director, Head of Operations EMEA	0

Notes:

[1] A Roberts: Appointed Executive Director and Chief Financial Officer effective 26 February 2024.

In accordance with MIFIDPRU 8.3.2 executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives or additional directorships within BNY are not in scope.

No Board members have a material interest of more than 1% in the share capital of the ultimate holding company or its subsidiaries.

One of the Company's Principles is having a culture where we Thrive Together. This Principle aligns with BNY's strategic pillar: Power Our Culture and is also critical to PSL's ability to serve its clients and grow its business. The Board places emphasis on its membership being representative in the broadest sense, and comprises a combination of demographics, skills and experience as well as educational and professional background. The Board believes that having a range of perspectives and insights supports good decision_making. Therefore, the Company agreed that the

Board should aim for at least 40% gender diversity. As of 31 December 2024 the board is 33% men and 66% women, slightly below the recommended 40%. In early 2025 however, the Nomination Committee ('NomCo') approved an additional male Board member, which pending regulatory approval, will mean the will mean the recommendation has been met.

The NomCo is responsible for reviewing the structure, size and composition of the Board, including their skills, knowledge, experience and diversity, ultimately making recommendations to the Board with respect to any appointment. In identifying suitable candidates for a particular appointment, the Committee considers candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender.

Independent Directors are asked to obtain the agreement of the Chair of the Board before accepting additional Board or Committee commitments that might affect the time they are able to devote to their role as an independent non-executive director of the Company.

The Conflicts of Interest Register serves to support the Directors' responsibilities under the Companies Act 2006 to avoid a conflict of interest. Segregation of duties is a core internal control procedure at BNY and an essential component of the risk management strategy.

2.4 Risk committees

The ExCo delegates specific responsibilities to various committees and councils to provide an appropriate oversight and direction to various risk and regulatory processes and activities, including:

BNY Pershing Risk Committee ('PRC') provides senior management oversight of the overall risk framework as well as the material risks which could potentially impact the entities within PLC. The PRC reports to the ExCo and forms a central point for the oversight and management of risk and the escalation of significant risk issues and events to PLC senior management, the ExCo and the relevant Boards. Subsidiary risk committees and councils listed below report to the PRC to ensure a consistent and effective reporting of risks.

PRC is co-chaired by the BNY PLC Chief Risk Officer and the Head of BNY Pershing EMEA. Meeting frequency is monthly with no less than 10 times per year.

BNY Pershing EMEA Credit and Market Risk Committee ('PECAM') oversees the review of all credit and market risk issues associated with and impacting on business undertaken by entities within PLC. This includes a review of the utilisation of borrowing and placing facilities against the limits set for funding and liquidity management. In addition, the Committee reviews and approves new client relationships for adherence to our standard credit policies and conducts ongoing reviews of existing clients. Client review and credit limit setting is consistent across legal entities.

It is chaired by the BNY Pershing EMEA Head of Credit & Market Risk. Meeting frequency is fortnightly.

BNY PLC Asset and Liability Committee ('ALCO') is responsible for overseeing the asset and liability management activities of the balance sheets of the PLC entities and for ensuring compliance with all treasury related regulatory requirements. ALCO is also responsible for ensuring that policy and guidance set through the Global ALCO and EMEA ALCO is understood and executed locally. This includes the strategy related to any investment portfolio, placements, interest rate risk, capital management and liquidity risk which are monitored at a consolidated and a legal entity basis.

It is co-chaired by the BNY Pershing EMEA Chief Financial Officer and BNY International Treasurer. Meeting frequency is monthly with no less than 10 times per year.

BNY PLC Business Acceptance Committee ('BAC') is an integral part of the new business process. It is responsible for the review and approval of all business acceptance events, new products/services (and significant or material changes to existing products/services), any request for Proposal/Request for Information which is non-standard, deviations from standard legal documentation/terms, incremental/amended business with existing clients, material changes to existing clients, client service level agreements, and all on and off-boarding and terminations. The BAC reports to the PRC on the appropriate escalation of risk related matters but derives its authority from the ExCo.

It is chaired by the Head of BNY Pershing EMEA and includes representatives of all the risk and control functions, as well as line support functions. Meeting frequency is fortnightly.

Client Asset Council ('CAC') is responsible for the oversight and governance of client asset protection for PLC. The council reports to the PRC to confirm the adequacy of systems and controls in place.

Meeting frequency is monthly with no less than 10 times per year.

There are additional PSIL and PCI committees and councils which are outside the scope of these UK investment firm focused disclosures.

2.5 Capital planning and assessment, stress testing, recovery and resolution

Effective capital adequacy planning is integrated with the Company's business planning process. The three-year profit and loss and balance sheet projections are consistent with the strategic plan and represent the framework upon which the stress scenario analysis is conducted. This provides the Board with the ability to assess the continuing adequacy of capital required to ensure that the Company can absorb the negative impact of both internal and external stress events without threatening the viability of the business. Capital planning within the Company is guided by a formal Capital Management Policy at the PLC level which includes the Company.

The framework for ensuring that capital and liquid assets remain sufficient both in number and quality is performed through the business and risk strategies, capital and liquidity planning, risk identification processes, the risk appetite statement, limit systems, risk quantification methodologies, the stress-testing programme, and management reporting. The Board retains responsibility for the overall control and challenge of the ICARA. Capital adequacy assessment is guided by a formal ICARA Working Group ('IWG').

Capital stress scenario analyses are undertaken by PLC to monitor and quantify risk exposures and capital requirements to ascertain whether or not there are sufficient capital resources on a forward-looking basis. Scenario selection is driven by the material risks identified through the risk management framework and direct feedback received from the Board, its risk committees and the IWG. The process involves developing stressed scenarios that identify an appropriate range of adverse events of varying nature, severity and duration relevant to the Company’s risk profile and business activities.

As part of the ICARA process, PLC reviews and updates its recovery and wind down plans annually in accordance with the applicable regulatory guidance. The recovery plan is designed to prepare PLC, in advance, to meet the risks and potential harms that may arise from future crises and to initiate a suitable response to avoid failure. The wind down plan aims to enable PLC to cease its regulated activities and achieve cancellation of its permissions with minimal adverse impact to clients, counterparties or the wider markets.

3 Own Funds and risk

The Company’s capital adequacy risk appetite is defined by the need to have capital adequate in both quantity and quality to meet the maximum of its regulatory capital requirements calculated in accordance with the criteria outlined in MIFIDPRU 4.3.

To comply with the Overall Financial Adequacy Rule ('OFAR'), the Company is required to hold own funds that are at least equal to the higher of its internally assessed Own Funds Threshold Requirement ('OFTR') and the FCA prescribed minimum OFTR. The internally assessed OFTR is derived by supplementing the K-factors requirement with an ‘additional own funds requirement’ for material risks and potential harms identified and determined by the ICARA process as not captured or inadequately captured by the K-factors.

As part of the ICARA process, the Company is required to undertake risk assessment to identify, monitor and manage material risks and potential harms, and where appropriate have systems and controls in place to mitigate those potential risks and sources of harm arising from the ongoing operation of the business and during an orderly wind-down scenario.

MIFIDPRU 4.6-4.16 outlines how investment firms are to calculate their own funds requirements by reference to the sum of K-factors which capture Risk-To-Client ('RtC'), Risk-to-Market ('RtM') and Risk-to-Firm ('RtF').

Please see Table 4 for a consolidated view of the Company's K-factor capital requirements. Note that due to the nature of the Company's business not all K-factors are applicable.

3.1 Risk to Client

RtC covers risks arising from the Company’s business activities and services which could negatively impact clients by its failure to carry out operations correctly.

The K-factors applicable to the Company under RtC include client money held ('K-CMH') and assets safeguarded and administered ('K-ASA'), calculated in accordance with MIFIDPRU 4.8-4.9.

The Company does not have assets under management though it does handle client orders, however due to the nature of the business such transactions assume principal liability and are therefore captured under the K-DTF K-factor.

Operational Risk

This is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company's business model is to provide clearing & settlement, custody services and trading services to a variety of financial institutions. Operational risk is inherent within the business model and may arise from errors in transaction processing, breaches of compliance requirements, internal or external fraud, business disruption due to system failures, execution, delivery and process management failures or other events including outsourcing arrangements. Operational risk can also arise from potential legal or regulatory actions caused by non-compliance with regulatory requirements, prudential ethical standards or contractual obligations.

The Company seeks to manage the inherent risk within its operational processes through an Operational Risk Management Framework ('ORMF') that is embedded into normal business practice. The ORMF relies on a culture of risk awareness, a clear governance structure, operational risk policies and procedures, which define the roles and responsibilities of the First, Second and Third line of Defence. These policies and procedures complement each other to ensure that the operational risks of the business are effectively identified, managed, mitigated (where possible), escalated to senior management and reported to the appropriate governance committees. The ORMF is guided by the BNY Operational Risk Framework Policy. The Company also retains a policy of collecting operational risk event data for all operational errors, regardless of financial impact.

Client Asset Protection Risk

This is the risk of loss of client money or assets which the Company holds in custody on behalf of clients. The Company does not use Safe Custody Assets or client money for their own account. Risk arises due to the potential loss of assets or money held for clients within our sub-custody and bank networks through negligence in relation to due diligence processes, reconciliations or break management.

Further information on the risk management approach to client assets can be found in section 4 Concentration risk.

Title Transfer Collateral Agreements

A Title Transfer Collateral Agreement ('TTCA') is where a client transfers full ownership of assets to a firm for the purpose of securing or otherwise covering present or future, actual or contingent or prospective obligations.

There is a potential risk of harm to clients arising from the inappropriate use of TTCAs and the inability to return money to the client when required.

The Company has processes and procedures in place to ensure approval is obtained from Credit Risk, Legal and Compliance before a TTCA is put in place. The Company is exposed to credit risk and concentration risk on the cash received under a TTCA arrangement which is deposited with external credit institutions. These risks are captured and considered under Risk-to-Firm.

3.2 Risk to Market

RtM covers the potential to cause harm to traded markets arising from any permission provided to the Company to deal on its own account, whether for itself or on behalf of clients, and other balance sheet positions that give rise to foreign exchange risk.

The Company calculates the K-NPR requirement in accordance with MIFIDPRU 4.12 to include FX exposures that are not in the trading book, namely foreign currency exposures on the balance sheet, in accordance with the standard approach.

Market Risk

This is the risk of losses resulting from adverse changes in the value of positions arising from movements in market prices of securities and currencies. PECAM sets overall limits for FX positions resulting from client generated exposure.

With the exception of foreign exchange ('FX'), the Company's business model does not include taking proprietary trading positions and thus is not exposed to movements in market prices on client positions. The Company instead executes orders on behalf of clients, acting as riskless principal between its clients and the market and only holds principal residual FX positions as a result of facilitating this activity.

3.3 Risk to Firm

RtF covers the risks to the Company arising from business activities and operations, including those arising from the provision of execution, clearing and settlement services and balance sheet exposures.

The K-factors applicable to the Company include its exposure to the default of its trading counterparties ('K-TCD') in accordance with MIFIDPRU 4.14. Additionally, operational risks arise from an investment firm's daily trading flow ('K-DTF') in accordance with MIFIDPRU 4.15.

The Company does not expect to incur K-CON requirements. In terms of the monitoring obligation as required by MIFIDPRU 5.2, the Company monitors and controls concentration risk in relation to the location of client assets, location of client money, location of own cash deposits and sources of earnings.

Credit Risk

This is the risk of losses arising from a client, underlying investor or counterparty failing to meet its obligations as they fall due. Credit risk and Counterparty credit risk are predominantly associated with the Company's cash placements with third party credit institutions and the failure of clients, underlying investors, or counterparties to deliver stock or cash to meet their obligations when submitting orders for execution by the Company and using its service as a clearer and settlement agent.

Credit risk can manifest itself as overnight credit exposure in the event that contractual obligations to the Company either in whole or in part are not met. The Company reserves the right to sell securities that it has paid for and which have not been paid for by the client, the underlying investor or their counterparty.

Credit risk can arise from multiple sources including:

- Unsecured Lending: Cash placements with external credit institutions can give rise to credit risk. To support clearing and settlement activities the Company maintains deposit balances with highly rated institutions. Risk also arises where traded securities are not settled on a delivery-versus-payment basis, creating an unsecured exposure until such time the cash is received the next business day.
- Secured Lending: The Company facilitates stock borrows against collateral. Long/short positions must be margined under a TTCA.
- Settlement Fails: The Company may assume credit risk in the capacity of a settlement agent on behalf of clients.
- Long Settlement Transactions: Where a counterparty undertakes to deliver their obligation at a settlement or delivery date that is later than the market standard.
- Receivables and Prepayments: Credit risk exposures may arise from the failure of clients to settle fees or commissions receivable.

The Company manages credit risk exposure via a two-stage process:

- Setting minimum thresholds for the profile of acceptable clients including the type of business to be conducted, involving intended markets and instruments. Any new relationship requires approval from BAC and PECAM.
- Monitoring all exposure on a daily basis against various limits, including trade limits based on a variety of client related metrics, gross exposure limits and negative mark-to-market exposure. Breaches are reported to senior management which may lead to management action such as requesting additional collateral.

Settlement Risk (Counterparty Credit Risk)

This is the risk of loss arising from transactions which are unsettled after their due delivery dates where the difference between the agreed settlement price for the debt instrument, equity, or foreign currency in question and its current market value could involve a loss for the firm.

The Company values and measures incidental exposures in financial instruments arising from failure by underlying investors or by market counterparties to settle trades by the intended settlement date on a daily mark-to-market basis from trade date.

Interest Rate Risk

Interest rate risk in the banking book ('IRRBB') is the risk of losses arising from adverse changes in the interest rates associated with banking book exposures. Sources of IRRBB are those assets and liabilities whose value is sensitive to interest rates.

The Company's IRRBB exposure is not material and is subject to short term interest rates, driven primarily through surplus cash deposits.

4 Concentration risk

The risks arising from the strength or extent of a firm’s relationships with, or direct exposure to, a single client or group of connected clients with the potential to produce: (i) losses large enough to threaten the firm’s health or ability to maintain its core operations; or (ii) a material change in the firm’s risk profile.

The Company does not engage in proprietary trading activities but does have permission to trade on its own account in its role as riskless principal when executing trades in its own name on behalf of its clients. As such, the Company does not hold proprietary open trading positions on its balance sheet and therefore does not attract K-CON own funds requirement relating to trading book activities.

However, concentration risk is not limited to trading book exposures but also includes any concentration in assets not recorded in the trading book and off-balance sheet items.

Client free money ('CFM')

PECAM sets, approves, and monitors CFM concentration limits in accordance with policy. PECAM may exceptionally approve an increased limit in respective CFM balances. Treasury reports CFM concentration balances on a daily basis at a legal entity level with oversight from Credit Risk.

Firm money

Whilst the Company maintains Firm money deposits to manage its funding and liquidity requirements, it is recognised these balances can occasionally be elevated. Accordingly, Firm money concentration risk is managed via a credit framework and limits set and monitored by Credit Risk and approved at PECAM.

Client assets

The Company has processes and procedures in place to meet regulatory requirements as outlined in the Client Assets Sourcebook ('CASS') in relation to its network of agent banks and sub-custodians.

Accurate and up-to-date records of client asset holdings are maintained where the amount, location, ownership status and type and value of assets and/or currency held can be readily verified. Moreover a Client Asset Resolution Plan is maintained which would be used in the event of an insolvency. The Company is audited annually by external auditors in compliance with CASS requirements.

5 Liquidity risk

The goal of liquidity risk management is to ensure that all liquidity risks are defined, understood and effectively managed through well-designed policies, controls and procedures. In this context, the Company has established a robust liquidity risk management framework that is fully integrated into BNY risk management processes to ensure that the Company is in a position to meet its day-to-day liquidity obligations and during various stress scenarios. It also ensures liquidity is maintained within approved limits and compliance with applicable regulatory rules.

The Company does not have significant asset liquidity risk as it does not engage in proprietary trading activities or hold assets for resale on its balance sheet. The Company's business model is of a transaction processing nature and dictates that the Company maintains a prudent funding profile in order to support its clients trading activities.

Liquidity risk can arise due to funding mismatches, market constraints from the inability to convert assets to cash, or contingent liquidity events. Changes in economic conditions or exposure to credit, market, legal, operational and reputational risks also can affect the liquidity risk profile of the Company and are considered in the liquidity risk framework.

The Company maintains liquidity ratios within approved limits and in compliance with FCA rules. The Board requires the Company to identify and conduct relevant stress tests and perform scenario analysis to show that liquid assets are accessible and adequate to continue business and meet obligations as they fall due, and to ensure that existing and emerging risk scenarios continue to be mitigated and managed. The assessment and monitoring of liquidity risk is guided by the PLC Internal Liquidity Assessment ('ILA'), and the accompanying Liquidity Policy and Contingency Funding Plan.

PLC has a well established Contingency Funding Plan which sets out the strategy for managing liquidity in stressed conditions to ensure it will continue to support client operational activities and that sufficient liquidity resources are available to meet liabilities as they fall due.

6 Own funds & Own funds requirements

This section provides an overview of the regulatory balance sheet and composition of the Company's regulatory own funds. There are no material differences between the balance sheet prepared in accordance with International Financial Reporting Standards ('IFRS') and regulatory own funds calculated in accordance with prudential requirements.

Own funds comprise CET1, Additional Tier 1 and Tier 2 capital less deductions. The Company holds no Additional Tier 1 capital or Tier 2 capital.

The graph shows the composition of regulatory own funds, which is outlined in Table 1 and identifies where these elements can be identified on the Company's balance sheet in Table 2.

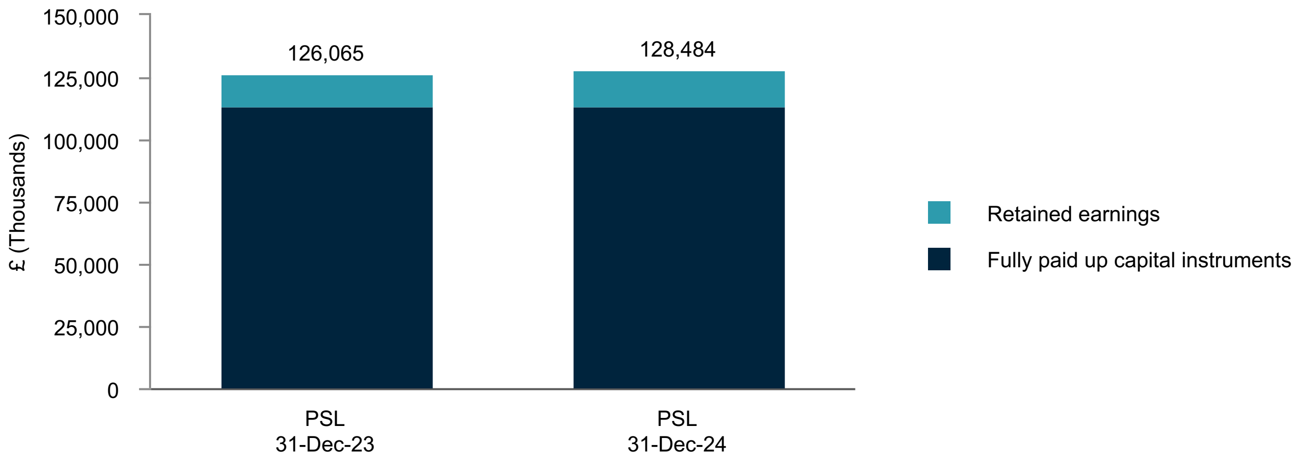


Table 1: OF1 Composition of regulatory own funds for PSL

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**128,484**	
2	**TIER 1 CAPITAL**	**128,484**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**128,484**	
4	Fully paid up capital instruments	113,390	(a)
5	Share premium	—	
6	Retained earnings	15,094	(b)
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, deductions and adjustments	—	

Table 2: OF2 Reconciliation of capital to the audited financial statements PSL

This table relates the Company's balance sheet prepared in accordance with UK law and Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101') with the components of its regulatory Own Funds under prudential rules.

		Balance sheet as in published/audited financial statements	Cross reference to template OF1
	Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements		
1	Fixed asset investments	—	
2	Debtors	216,285	
3	Current asset investments	—	
4	Cash at bank and in hand	426,222	
5	**Total assets**	**642,507**	
	Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements		
1	Amounts falling due within one year	513,976	
2	Provisions	47	
3	**Total liabilities**	**514,023**	
	Shareholders' Equity		
1	Called up share capital	113,390	(a)
2	Other reserves	—	
3	Profit and loss account	15,094	(b)
4	Deductions from Capital	—	
5	**Total shareholders' equity**	**128,484**	

Note that other reserves comprised the fair value reserve for current asset investments measured at fair value through other comprehensive income. The investments were sold in 2024. 2023: -£129k.

Table 3: OF3 Main features of capital

This table provides a description of the main features of regulatory instruments issued and included as Tier 1 capital in Table 1 for the Company. Selected non-applicable rows have not been presented.

Issuer	Pershing Securities Limited
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
Public or private placement	N/A
Governing law(s) of the instrument	Law of England and Wales
Instrument type (types to be specified by each jurisdiction)	Ordinary shares
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	£113,390
Nominal amount of instrument	£113,390
Issue price	£1
Accounting classification	Shareholders' equity
Original date of issuance	27-February-1990
Perpetual or dated	Perpetual
Maturity date	N/A
Issuer call subject to prior supervisory approval	No
Coupons / dividends	
Fixed or floating dividend/coupon	N/A
Existence of a dividend stopper	No
Convertible or non-convertible	Non-convertible
Write-down features	No
Non-compliant transitioned features	No
Link to the full term and conditions of the instrument (signposting)	Available on request

The table below shows the K-factor requirements in accordance with MIFIDPRU 8.5.1 for the K-factors applicable to the Company, being K-CMH, K-ASA, K-NPR and K-DTF.

As a non-SNI investment firm, MIFIDPRU 4.3.2 requires that the highest value attributed to the following calculations be deemed as the Company's overall own funds requirement. For the Company, this is the K-factor requirement.

- Permanent minimum capital requirement;
- Aggregate value of applicable K-factor requirements; and,
- Fixed Overheads Requirement ('FOR').

Table 4: K-factor and Fixed Overhead capital requirements

Type of risk and applicable K-factors (£000s)	K-factor requirements 31-Dec-24	31-Dec-23
Permanent minimum capital requirement	**750**	**750**
K-factor requirement	**42,071**	**41,444**
Sum of the K-AUM requirement, the K-CMH requirement and the K-ASA requirement	38,963	36,947
Sum of the K-COH requirement and the K-DTF requirement	2,393	2,232
Sum of the K-NPR requirement, the K-CMG requirement, the K-TCD requirement and the K-CON requirement	715	2,265
Fixed overheads requirement	**21,865**	**21,887**

Due to rounding there may be immaterial variations between public disclosures and regulatory submissions.

The Company significantly exceeded the minimum capital ratios required to maintain a well-capitalised status and to ensure compliance with regulatory requirements at all times. The Company sets the internal capital target levels higher than the minimum regulatory requirements to ensure there is a buffer which reflects balance sheet volatility. These ratios have been determined to be appropriate, sustainable and consistent with the capital objectives, business model, risk appetite and capital plan. The reduction in the Company's K-NPR is driven by the disposal of Euro denominated investments in 2024.

6.1 Internal Capital Adequacy and Risk Assessment

The Company has an Internal Capital Adequacy and Risk Assessment ('ICARA') process which documents the material risks it is exposed to, and determines the own funds requirement and the liquid assets threshold requirement to support the business model, through the economic cycle, given a range of plausible but severe stress scenarios. The plan is reflective of the Company's commitment to an overall low risk appetite, with no proprietary trading, coupled with strong financial resources which provides the necessary confidence to clients in accordance with the overall financial adequacy rule in MIFIDPRU 7.4.7R.

The Company uses the Own Funds K-Factor requirement as the starting point when considering any additional capital requirements. Through its ICARA process, PHUK and its Companies have identified that additional own funds are required to be held. Further, additional own funds are required based on severe but plausible stress scenarios.

Remuneration

7 Remuneration policy and practices

7.1 Governance

The governance of remuneration matters for BNY and its group entities, including Pershing, is overseen by four committees, each with separate responsibilities in respect of remuneration as summarised below:

Human Resources and Compensation Committee ('HRCC') is responsible for overseeing BNY’s employee compensation and benefits policies and programs globally. It reviews and is responsible for the compensation plans, policies and programs in which the senior officers participate and has general oversight for the other incentive, retirement, welfare and equity arrangements for all employees globally. The members of the HRCC are non-executive members of BNY’s Board of Directors, acting on behalf of the BNY Board of Directors.

Compensation Oversight Committee ('COC') has oversight of all incentive plans including sound risk management, effective controls and strong governance. It reviews and approves all new incentive plans and material changes to existing incentive plans. The members of the COC are senior members of BNY management, including the Chief People Officer ('CPO'), the Chief Risk Officer ('CRO'), the Chief Financial Officer ('CFO') and the Global Head of People Rewards.

EMEA Remuneration Advisory Committee ('ERAC') is a regional governance body which oversees the development and implementation of remuneration policies and practices in line with specific regulatory provisions that apply to EMEA entities as well as ensuring consistency with BNY's principles.

Incentive Compensation Review Committee ('ICRC') is the coordinating body of senior executives responsible for the oversight of the process to evaluate and approve compensation reductions for all regulated employees below the Executive Committee level and for any other employee referred to the ICRC. These decisions are based on feedback regarding risk, compliance, audit and legal outcomes as well as situations of an employee engaged in fraud or directly or indirectly to have contributed to a financial restatement or other irregularity. The ICRC is a management-level committee that reports its actions to the HRCC. Ex ante adjustments are recommended by the employee’s management for review and approval by the committee and ex post adjustments are formulated by the committee. The members of the ICRC are senior members of BNY management, including the CPO, CRO, Chief Auditor, CFO and General Counsel.

The Company has delegated responsibility for overseeing the development and implementation of the Company's remuneration policies and practices in accordance with the relevant remuneration rules to the ERAC.

The implementation of BNY's remuneration policies is subject to an annual independent internal review by the internal audit function.

7.2 Aligning pay with performance

BNY's compensation philosophy is to offer a total compensation scheme that supports its Pillars & Principles. The Company pays for performance, both at the individual and corporate level. The Company values individual and team contributions and rewards based on how both contribute to business results. In support of this philosophy, variable compensation is used as a means of recognising performance.

Through BNY's compensation philosophy and principles, the Company align the interests of their employees and shareholders by encouraging actions that contribute to superior financial performance and long-term shareholder value; by rewarding success; and by ensuring that the Company's incentive compensation arrangements do not encourage their employees to take unnecessary and excessive risks that threaten the value of BNY or benefit individual employees at the expense of shareholders or other stakeholders. BNY's compensation structure is comprised of an appropriate mix of fixed and variable compensation that is paid over time. The Company's aim to ensure that both fixed and variable compensation are consistent with business and market practice, fixed compensation is sufficient to provide for a fully flexible variable compensation program, and variable compensation is in the form of annual and/or long-term incentives, and, where appropriate, granted over equity to align employee remuneration with that of shareholder growth.

7.3 Variable compensation funding, risk adjustment and severance

Employees are eligible to be awarded variable compensation but have no entitlement to such awards which are discretionary in nature.

The incentive pools are discretionary. The baseline pool is determined based on prior year actuals, making adjustments for new hires and terminations. The final pool is determined by the Group CEO and CFO, taking into account a number of factors, including Corporate Performance, Business Performance, Productivity and Risk Management. The pool is subject to adjustment based on overall corporate performance achievement, and awards are made from the pool based on individual performance.

The remuneration for key control functions is set independently of the businesses they oversee and is based primarily on their respective control functions' objectives.

Variable compensation is determined by the business performance as outlined above and an individual's performance as measured against feedback on the following aspects: Result-based goals, Embodying a Strong Risk Culture and Power Our Culture.

Variable compensation may consist of both cash and equity and both upfront and deferred components and is determined by the functional hierarchy of the business or business service to which the individual staff member belongs, and in accordance with the terms and conditions of the incentive compensation plan that is applicable for the business or function.

For Material Risk Takers ('MRTs'), the variable compensation portion of an award comprises: upfront cash, upfront equity and deferred equity, in order to comply with local regulations. The deferred compensation component awarded in the form of BNY restricted stock units aligns a portion of the variable compensation award with the management of longer-term business risk.

BNY may choose to make an award of 'guaranteed variable remuneration' (being remuneration that is not linked to performance) only in two clearly defined and limited situations, as follows:

New employees: In exceptional circumstances it may be necessary to guarantee variable remuneration for a new hire in order to remove a barrier to hiring. This can take one of three forms:

- An incentive guarantee for their first year of employment; or
- A buy-out award; or
- A sign-on payment.

These awards are subject to senior review and approval by the relevant Executive Committee Members.

Termination Payments may be made where the employment contract is terminated early at the initiative of the employer. The payments will be subject to general standards that are dependent on a number of factors which may include the seniority of the individual, their length of service, the circumstances surrounding the termination and any applicable legal requirements and shall not reward failure or misconduct. Termination payments do not reward failure (personal or corporate) or misconduct and will be considered variable remuneration for the purposes of this Remuneration Framework where required by regulations. Termination payments are made in line with applicable legal requirements.

MRTs are subject to an additional layer of performance assessment, referred to as the Risk Culture Summary Scorecard ('RCSS'). The RCSS assessment for each individual is based on separate ratings of five risk factor areas.

To ensure effective management of risk adjustments, BNY requires employees who receive variable remuneration awards (both upfront and deferred) to agree to delay, forfeiture and clawback of such awards in the event of fraud, misconduct or actions contributing to the detriment of business interests, including competing with the business, soliciting employees or clients and failing to meet appropriate standards of fitness and propriety. Where required by regulations, awards to MRTs are subject to more stringent risk adjustment, including, but not limited to, forfeiture and clawback in the event of employee misbehaviour, material error, material downturn in business unit performance, material failure of risk management, actions resulting in significant increase to the regulatory capital base or regulatory sanctions.

7.4 Deferral policy and vesting criteria

Corporate Policy (General): Awards are delivered to employees entirely in cash (payable shortly after the date of award), except where the employee's total incentive award exceeds a particular threshold (or where they are of a particular level of role). (This is set out in the table below). In this case, a portion of the annual incentive award is deferred over a period of at least three years - this portion vests in equal portions on a pro-rata basis (subject to the employee remaining in employment on each of these dates).

	Total incentive award (US$000)				
Level	**< 50.0**	**50.0 to 149.9**	**150 to 249.9**	**250 to 499.9**	**>= 500.0**
Vice President/Senior Vice President	—	10.0%	15.0%	20.0%	25.0%
Director	—	20.0%	25.0%	30.0%	35.0%
Senior Director/Managing Director	—	30.0%	35.0%	40.0%	50.0%

Regulatory Policy: For identified MRTs, in receipt of variable remuneration above £167,000 and/or variable remuneration greater than one third of total remuneration, the Corporate Deferral Rules are superseded by the Regulatory Deferral Rules as follows:

- At least 40% of variable remuneration is deferred unless variable remuneration exceeds £500,000, in which case 60% of variable remuneration is deferred;
- Variable remuneration is deferred for 3-5 years depending upon the MRT category; and,
- At least 50% of variable remuneration (upfront and deferred) is delivered in shares or equivalent instruments.

Each tranche of deferred vested equity is subject to a retention period post vesting before it may be sold of six months - twelve months depending upon the MRT category.

40% Deferral Table	Upfront	Deferred
Cash	30.0%	N/A
Equity	30.0%	40.0%

60% Deferral Table	Upfront	Deferred
Cash	20.0%	N/A
Equity	20.0%	60.0%

7.5 Ratio between fixed and variable pay

BNY manages an appropriate ratio between fixed and variable components of total remuneration. This ensures that these components are appropriately balanced, and the level of the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

7.6 Fixed remuneration

Fixed remuneration is composed of (i) salary, (ii) any additional non-performance related amounts paid as a result of contractual obligations or applicable law, or as a result of market practice, including role-based allowances, and (iii) any benefits in kind which are awarded as a result of the responsibilities of the job rather than the performance within the job.

The fixed remuneration of an employee is determined by the job performed, its level of complexity and responsibility, and the remuneration paid in the market for that type of job. It is set, for all staff, at a rate to be at all times sufficient to provide for full flexibility with regards to any variable remuneration element, including zero variable remuneration.

Employees who are directors of other BNY group entities are not remunerated separately in their capacity as a director of those entities. Independent directors of BNY only receive fixed remuneration, as disclosed in the Company's annual Proxy Statement to shareholders.

7.7 Variable remuneration of control function staff

The variable compensation awarded to control function staff (for example: audit, compliance and risk) is dependent on performance that is assessed according to the achievement of objectives specific to their functional role that is independent of the activities they oversee. Remuneration is benchmarked against the market level and funded independently of individual business line results and adjusted based on BNY’s overall annual financial performance.

7.8 Quantitative disclosures

Details of the aggregate remuneration[1] of MRTs for the Company (regardless of employing entity) for the year ending 31 December 2024 are presented below.

The remuneration amounts are presented on a gross basis, regardless of the time spent by BNY staff in respect of the Company.

The tables below show the combined remuneration data for fifteen Senior Manager MRTs, and four Other MRTs.

MRTs categorised as 'Senior Managers' carry out a senior management function as determined by the relevant regulators.

Table 5: REM1 Remuneration awarded for the financial year

At 31 December 2024 (£000s)		Senior management	Other material risk takers	Other staff
Fixed remuneration	**Number of identified staff**	**15**	**4**	
	Total fixed remuneration	**2,952**	**906**	**27,453**
	Of which: cash-based	2,952	906	27,453
Variable remuneration	**Number of identified staff**	**11**	**2**	
	Total variable remuneration	**2,070**	**362**	**3,115**
	Of which: cash-based	747	108	2,845
	Of which: deferred	—	—	—
	Of which: shares or equivalent ownership interests	1,323	254	270
	Of which: deferred	887	145	240
Total remuneration		**5,022**	**1,268**	**30,568**

Note: Selected non-applicable rows have not been presented
[1] Includes base salary and other cash allowances, plus any incentive awarded for full year 2024. Pension contribution is not included.

Table 6: REM2 Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

At 31 December 2024 (£000s)	Identified staff
Guaranteed variable remuneration awards	
Guaranteed variable remuneration awards - Number of identified staff	0
Guaranteed variable remuneration awards - Total amount	0
Severance payments awarded during the financial year	
Severance payments awarded during the financial year - Number of identified staff	3
Severance payments awarded during the financial year - Total amount	443
Of which paid during the financial year	443
Of which highest payment that has been awarded to a single person	236

In accordance with MIFIDPRU 8.6.8R (7)(a) the Company may aggregate the information to be disclosed for senior management and other material risk takers, where splitting the information between those two categories would lead to the disclosure of information about one or two people. This approach was applied to Table 6.

For 2024, the Companies did not award any guaranteed variable remuneration awards or sign-on payments to identified staff.

Table 7: REM3 Deferred remuneration

This table shows the total deferred remuneration[2,3] for MRTs outstanding from previous years.

Deferred and retained remuneration At 31 December 2024 (£000s)	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year
Senior management	**3,602**	**971**	**2,631**	**—**	**—**	**971**
Cash-based	107	33	74	—	—	33
Shares or equivalent ownership interests	3,495	938	2,557	—	—	938
Share-linked instruments or equivalent non-cash instruments	—	—	—	—	—	—
Other forms	—	—	—	—	—	—
Other material risk takers	**335**	**109**	**226**	**—**	**—**	**109**
Cash-based	28	14	14	—	—	14
Shares or equivalent ownership interests	307	95	212	—	—	95
Share-linked instruments or equivalent non-cash instruments	—	—	—	—	—	—
Other forms	—	—	—	—	—	—
Total amount	**3,937**	**1,080**	**2,857**	**—**	**—**	**1,080**

Note: Selected non-applicable rows have not been presented
[2] Includes total vested cash and equity. Equity portion is valued as at the date the award vested.
[3] Total unvested equity is valued as at 1 February 2024.

Appendix 1 - Other risks

Group risk

This is the risk that the financial position of the Company may be adversely affected by its relationships (financial or non-financial) with other entities in the BNY group or by risk which may affect the financial position of the whole group, including reputational contagion.

The Company maintains appropriate oversight and ownership of all processes and activities outsourced to other group entities. A primary source of Group Risk is the performance of PLC’s Technology and associated Operations area. This area is managed from within PHUK and its Companies and thus the dependency on BNY Group, as well as other third parties, is more limited. Notwithstanding, senior management do ensure that the Company has contractual and governance arrangements in place to ensure that risks arising from any associated internal or external dependencies are considered and mitigated.

The benefit the Company gains from being owned by a Global Systemically Important Financial Institution (G-SIFI), along with the accompanying supporting infrastructure, is considerable. The Company is able to leverage BNY's technology investment and expertise to mitigate / address industry wide issues such as Cyber-crime.

Strategic Business risk

Strategic business risk is the risk to the Company arising from changes in their business including the acute risk to earnings posed by falling or volatile income; and the broader risk of the Company's business model or strategy proving inappropriate due to macroeconomic, geopolitical, industry, regulatory or other factors; or its remuneration policy.

The Company's business model has been clearly defined and in place for a number of years. The Company is committed to maintaining a relevant business strategy that continues to meet the business requirements and needs of its clients and responds to the changing needs of the financial industry. The ExCo has established a robust governance structure and oversight that seeks to ensure that all business plans are designed and executed in a controlled and prudent manner. The development of business objectives are undertaken by the ExCo and approved by the Board.

Residual risk

Residual risk is the risk that credit risk mitigation techniques used prove less effective than expected. For the Company, residual risk occurs in respect of a scenario whereby the collateral held is insufficient to cover the exposure generated.

This is mitigated by legal recourse to pursue either the client or the underlying investor, while also retaining the right to proceed against the other party in respect of any shortfall in the amount recovered.

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