Pershing Securities Limited

PUBLIC DISCLOSURE

MIFIDPRU 8

December 31, 2025

BNY | PERSHING

Executive Summary

1	**Introduction**	**1**
1.1	Scope of application	1
1.2	Scope of reporting	1
	Risk	
2	**Risk management objectives and policies & Governance**	**3**
2.1	Risk appetite and the approach to risk management	3
2.2	Risk management framework	3
2.3	**Governance**	**4**
2.3.1	Board of Directors	4
2.3.2	Risk committees	4
2.4	Capital planning and assessment, stress testing, recovery and resolution	5
3	**Own Funds and risk**	**5**
3.1	Risk to Client	6
3.2	Risk to Market	6
3.3	Risk to Firm	6
4	Concentration risk	8
5	Liquidity risk	8
	Own Funds	
6	**Own funds & Own funds requirements**	**9**
	Table 1: OF1 Composition of regulatory own funds	9
	Table 2: OF2 Reconciliation of capital to the audited financial statements	10
	Table 3: OF3 Main features of capital	10
	Table 4: Own funds requirements	11
6.1	Internal Capital Adequacy and Risk Assessment	11
	Remuneration	
7	**Remuneration policy and practices**	**11**
7.1	Governance	11
7.2	Aligning pay with performance	12
7.3	Variable compensation funding, risk adjustment and severance	12
7.4	Deferral policy and vesting criteria	13
7.5	Ratio between fixed and variable pay	13
7.6	Fixed remuneration	13
7.7	Variable remuneration of control function staff	14
7.8	Quantitative disclosures	14
	Table 5: REM1 Remuneration awarded for the financial year	14
	Table 6: REM3 Deferred remuneration	14
	Appendices	
Appendix 1 - Other risks		**15**
Group risk		15
Strategic Business risk		15

Executive Summary

1 Introduction

This disclosure is published for Pershing Securities Limited (the 'Company') as at 31 December 2025. It is made in accordance with the requirements of the Investment Firms Prudential Regime[1] ('IFPR').

IFPR is the prudential regime for UK firms authorised under the Markets in Financial Instruments Directive ('MiFID'). The regime is intended to align prudential requirements more closely with the business models and activities of investment firms to consider not only the risks firms face, but the potential harm that firms may pose to clients and markets.

The IFPR framework comprises three pillars: Own Funds, which sets out the minimum capital requirements investment firms must maintain (MIFIDPRU 3 and 4); Additional Own Funds, which addresses the supervisory review process (MIFIDPRU 7); and Public Disclosure, which requires firms to disclose qualitative and quantitative information on Own Funds, risk management objectives and policies, and remuneration (MIFIDPRU 8[2]).

The Company recognises the importance of risk management in the execution of its strategies and has defined the nature and levels of risk, it is willing to accept, as formalised through its stated risk appetite. The Company maintains risk management arrangements and systems designed to support its risk profile and strategy and monitors its risk profile as part of its regular business activities. The Company also maintains a Public Disclosure Policy and a control framework in relation to the production and validation of MIFIDPRU 8 disclosures. Wherever possible and relevant, the Company seeks consistency between public disclosures, own funds reporting, and its Internal Capital Adequacy and Risk Assessment ('ICARA') content.

This disclosure was approved for publication by the Board of Directors (the 'Board') on 25 June 2026.

1.1 Scope of application

The Company is classified as a non-Small and Non-Interconnected Investment Firm ('non-SNI')[3] in accordance with MIFIDPRU 1.2. Accordingly, this public disclosure addresses the items required to be disclosed by non-SNI investment firms as at the disclosure date. Where appropriate, comparative figures for the prior year and an explanation of significant movements are included to provide additional context. Disclosures are made on an individual basis in accordance with MIFIDPRU 8.1.7. The Company does not meet the threshold to disclose information in relation to investment policy.

This disclosure has been prepared solely to meet the Company's public disclosure requirements under IFPR and for no other purpose. It does not constitute any form of financial statement of the Company nor does it constitute a current or forward looking statement of opinion regarding the Company. Unless stated otherwise, the information contained in this document has not been subject to external audit.

Annual disclosures will be published on the same date as the Annual Report and Financial Statements, or as soon as practicable thereafter in accordance with MIFIDPRU 8.1.10. The company will also consider whether more frequent disclosure of some or all information is appropriate in the event of a significant change in its business, capital resources or risk profile in accordance with MIFIDPRU 8.1.11.

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

1.2 Scope of reporting

The Company is a private limited company incorporated in the UK and is regulated by the Financial Conduct Authority ('FCA'). It is a wholly owned subsidiary of Pershing Limited ('PL'), which is in turn wholly owned by Pershing Holdings UK Limited ('PHUK'), a holding company. The Company (and the 'Pershing Group', defined on the following page) are operationally independent subsidiaries of Pershing Group LLC (US based) which in turn is a subsidiary of the Bank of New York Mellon Corporation ('BNY'). As at 31 December 2025, Pershing Group LLC had over $3 trillion in global client assets.

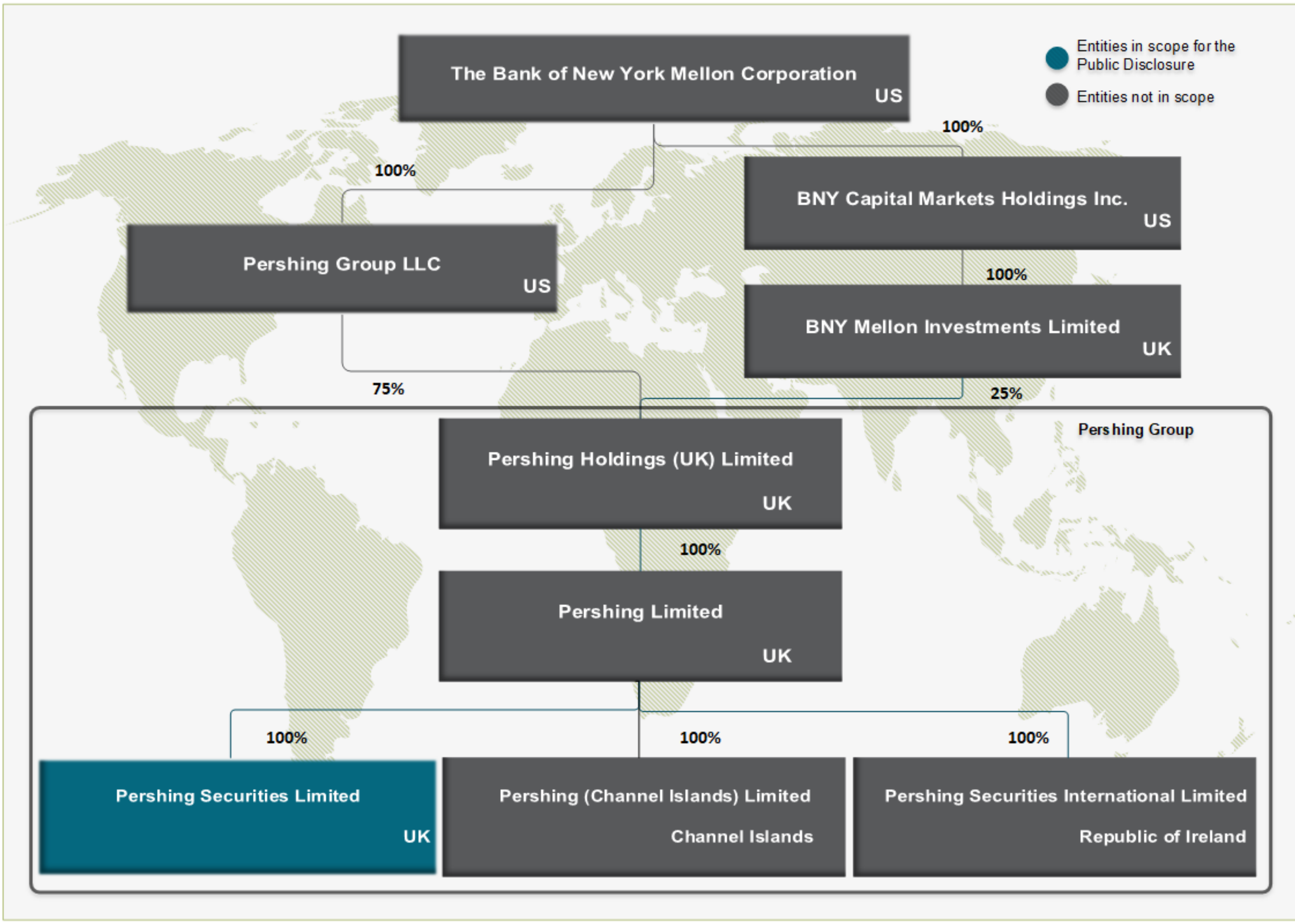
[1] Investment Firms Prudential Regime
[2] MIFIDPRU 8.1 Disclosure
[3] MIFIDPRU 1.2 SNI MIFIDPRU investment firms

Pershing Group Information

Within EMEA, all entities operating under PHUK form the 'Pershing Group', outlined in Figure 1 below.

The management body of the Pershing Group establishes a consistent tone from the top across the group and sets the overall strategic direction for the Company, Pershing Securities International Limited ('PSIL'), and Pershing Channel Islands ('PCI'). PHUK and PL do not conduct regulated activities. PCI is regulated by the Jersey Financial Services Commission ('JFSC'), while PSIL is regulated by the Central Bank of Ireland ('CBI') and publishes separate public disclosures in accordance with the Investment Firms Regulation ('IFR')[1].

Figure 1: Legal entity structure at 31 December 2025



The Company provides a full range of execution, middle-office and post-trade services, investment administration, Self-Invested Personal Pension ('SIPP') operation services and related services. It operates through two business models:

Business Process Outsourcing (Model A)	Fully Disclosed (Model B)
This model is operated by 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 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.

The Company is also a member of the London Stock Exchange. It is a general clearing member of LCH Ltd, Euronext and the European Multilateral Clearing Facility N.V.

[1] Pershing Public Disclosures

2 Risk management objectives and policies & Governance

The Company's risk management objectives, policies and governance framework are aligned with those applied across entities operating within the Pershing Group. The Group adopts a structured approach to the identification, assessment monitoring and management of risk, while seeking to meet applicable regulatory and legal requirements.

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. Other risks such as Reputation and Litigation as examples, typically arise as a consequence of another risk driver but are also considered within the Company's overall risk management framework.

The RAS guides how the business strategy is pursued through defined decision-making processes while supporting effective risk for management across the Pershing Group. The Company's RAS also supports a risk-aware culture, including clear expectations in relation to ownership and accountability. This is reinforced through policies, the Code of Conduct, human resource standards and oversight by senior management.

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 the Pershing Group. RAS metrics and thresholds are built into the Group’s operating processes with business and control functions reporting performance against RAS limits to the BNY Pershing Group Risk Committee ('PRC') with subsequent reporting and escalations to the the Pershing Group's Executive Committee and the Board as appropriate.

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 BNY 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 inherent risks combined with 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 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.

2.3 Governance

2.3.1 Board of Directors

The Board is the Company's senior strategic and decision making body and comprises of senior representatives from BNY and Pershing Group 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 Pershing Group 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 and their role as of 31 December 2025:

Board member	Function at the Company	Other External Directorships (for profit organisations only)
E Gilvarry [1]	Independent Non-Executive Director, Chair of PL, PSL and PHUK Boards	2
D Wallestad	Executive Director, Head of Pershing EMEA	0
G Thorpe [2]	Independent Non-Executive Director	5
C Neate	Group Non Executive Director	1
A Roberts	Executive Director, Chief Financial Officer	0
C Clifford	Executive Director, Head of Operations EMEA	0

Notes:

[1] E Gilvarry - Appointed as Chair of PL, PSL, and PHUK Boards effective 14 November 2025

[2] G Thorpe - Appointed 26 June 2025.

M McPhail resigned on 31 August 2025.

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.

The Company has implemented a Board Inclusion Policy, which sets out its approach to promoting BNY’s Thrive Together Principle on the Board. Recommendations within the Policy have been met. This is important to Power the Firm’s Culture and to each Director as individuals. It is also critical to the Firm’s ability to serve its clients and grow its business.

The Nomination Committee ('NomCo') is responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board with respect to any appointment. In identifying suitable candidates for a particular appointment, the NomCo considers candidates on merit and against objective criteria and with due regard for the benefits of different perspectives. The Board's combined skills and experience are considered in the context of the Company's business model, governance requirements and regulatory obligations.

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.

2.3.2 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 Group 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 the Pershing Group. 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 the Group's 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.

BNY Pershing Group Asset and Liability Committee ('ALCO') is responsible for overseeing the asset and liability management activities of the balance sheets of the Pershing Group 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.

Business Acceptance Committees ('BAC') are an integral part of the new business process. They are responsible for the review and approval of all business acceptance events, 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.

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

There are additional PSL, PSIL and PCI committees and councils which are outside the scope of this disclosure.

2.4 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 Board's 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 Pershing Group 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 Internal Capital Adequacy and Risk Assessment ('ICARA'). Capital adequacy assessment is guided by an ICARA Working Group ('IWG') at the Pershing Group level.

Capital stress scenario analyses are undertaken by the Pershing Group 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, the Company reviews and updates its recovery and wind down plans annually in accordance with the applicable regulatory guidance. The recovery plan is designed to prepare the Company, 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 the Company 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 its regulatory capital requirements in accordance with 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 by the ICARA process as not, 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. See also section 6.1.

MIFIDPRU 4.6-4.16 outlines how investment firms calculate their own funds requirements by reference to the sum of K-factors which capture potential harm. Those K-factors applicable to the Company are Risk-To-Client ('RtC'), Risk-to-Market ('RtM') and Risk-to-Firm ('RtF'). Other risks that the Company is exposed to are discussed in Appendix 1. See Table 4 for a view of the Company's K-factor capital requirements.

3.1 Risk to Client ('RtC')

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'). The Company does not manage assets on behalf of clients ('K-AUM').

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, 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.

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 its 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.

3.2 Risk to Market ('RtM')

RtM covers the potential to cause harm to traded markets arising from market risk exposures, including foreign exchange exposures arising from balance sheet positions.

The Company calculates the net position risk ('K-NPR') requirement to include FX exposures that are not in the trading book, in accordance with the standardised 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. Other than foreign exchange ('FX') exposures, the Company's business model does not involve taking proprietary trading positions and it is therefore not exposed to market price movements on client positions. The Company executes orders on behalf of clients (riskless principal) and may, in limited circumstances, be exposed to residual FX positions arising from facilitating that activity. The Second Line of Defence sets limits for those FX positions

3.3 Risk to Firm ('RtF')

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'). Additionally, operational risks also arise from client trading volumes executed in the Company's name during a business day. Because of the business model, these transactions carry principal risk and are therefore subject to the daily trading flow ('K-DTF') K-factor.

The Company does not incur a 'K-CON' own funds requirement. 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, the 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 or 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 and conducts periodic due diligence and credit assessments of counterparty relationships. Risk also arises where traded securities are not settled on a delivery-versus-payment basis (i.e. free of payment), 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 Title Transfer Collateral Agreement ('TTCA'). In a TTCA, 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.
- 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 in several ways:

- 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.
- Monitoring all exposure on a daily basis against various limits, including; trade limits based on a variety of client related metrics, limiting free of payment transactions, limits on the gross exposure of unsettled trades and negative mark-to-market exposure. Breaches are reported to senior management which may lead to management action such as requesting additional collateral.
- For margin received under a TTCA, the Company has processes and procedures to ensure approval is obtained from Credit Risk, Legal and Compliance before a TTCA is put in place.

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.

Settlement Risk (Counterparty Credit Risk)

This is the risk of loss arising from unsettled transactions 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 should the Client or its settlement counterparties be unable to meet their financial obligations.

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 is the risk of losses arising from adverse changes in the interest rates associated with balance sheet exposures. Sources of interest rate risk are those assets and liabilities whose value is sensitive to interest rates.

The Company’s interest rate exposure is minimal, with all financial assets and liabilities subject to short term variable interest rates resets, 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. Accordingly, the Company does not attract a K-CON own funds requirement in respect of 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')

The Second Line of Defence sets and monitors CFM concentration limits for the First Line of Defence to adhere to in accordance with policy. 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 with limits set and monitored by Credit Risk.

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 objective of liquidity risk management is to ensure that liquidity risks are identified, understood and managed through appropriate policies, controls and procedures. In this context, the Company has established a liquidity risk management framework that is integrated into BNY risk management processes to support the Company's ability to meet its day-to-day liquidity obligations including under stress scenarios while remaining within approved limits and applicable regulatory requirements.

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.

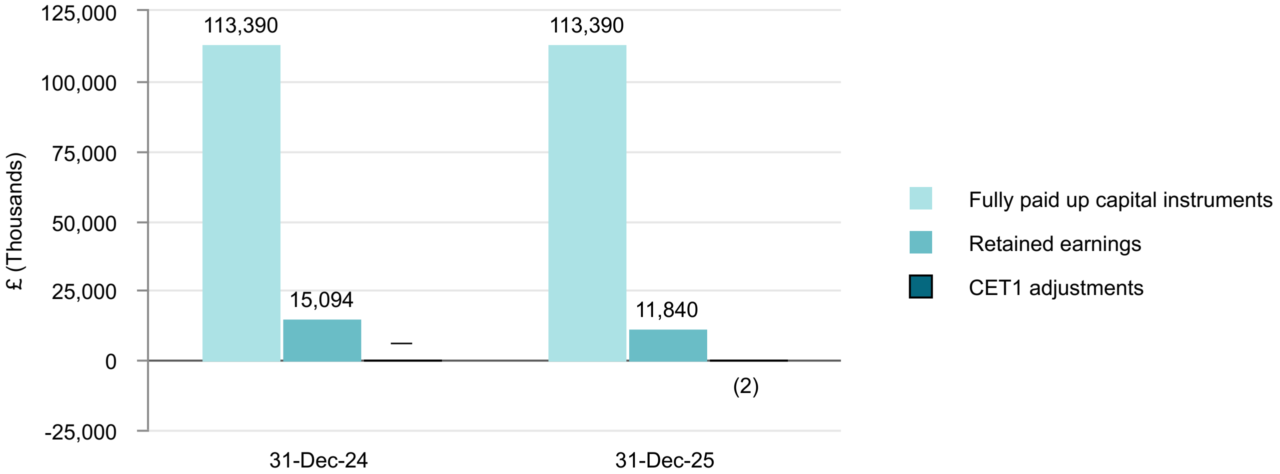
Liquidity risk can arise due to funding mismatches, market constraints from the inability to convert assets to cash, or contingent liquidity events. Changes in economic conditions or exposure to credit, market, legal, operational and reputational risks also can affect the liquidity risk profile of the Company and are considered in the liquidity risk framework. TTCAs can also manifest as a liquidity risk due to clients being able to request the return of TTCA assets, therefore reducing the Company's liquid assets.

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 Pershing Group's Internal Liquidity Assessment ('ILA'), and the accompanying Liquidity Policy and Contingency Funding Plan.

The Pershing Group maintains a Contingency Funding Plan which sets out the strategy for managing liquidity in stressed conditions to support client operational activities and to help ensure 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 composition of the Company's regulatory own funds in comparison to the accounting balance sheet. There are no material differences between the regulatory own funds calculated in accordance with prudential requirements and the balance sheet prepared in accordance with UK Accounting Standards and applicable law ('UK-adopted IFRS'), including the Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101').



The Company's regulatory capital comprises Common Equity Tier 1 ('CET1') which is the highest quality form of regulatory capital and includes common shares issued, and retained earnings, less specified regulatory adjustments. The Company holds no Additional Tier 1 capital or Tier 2 capital and does not have any accumulated other comprehensive income or material eligible capital deductions.

The overall decrease in own funds at 31 December 2025 is largely attributable to an exceptional restructuring charge. The Company's underlying result for the year, excluding this non-recurring restructuring charge was broadly profitable.

Table 1: OF1 Composition of regulatory own funds

	31 December 2025 Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**125,228**	
2	**TIER 1 CAPITAL**	**125,228**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**125,228**	
4	Fully paid up capital instruments	113,390	(a)
5	Share premium	—	
6	Retained earnings	11,840	(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	(2)	(c)
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	—	

Note: Own Funds are stated after the inclusion of an audited loss for the year (b). The Company has an immaterial own funds deduction for deferred tax assets, which is offset against current liabilities in the published balance sheet (c).

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

This table illustrates where the elements of regulatory own funds listed in Table 1: OF1 are referenced within the balance sheet.

	31 December 2025 (£000s)	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	Other assets	1,162	
3	Debtors	154,311	
4	Cash at bank and in hand	405,946	
5	**Total assets**	**561,419**	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Amounts falling due within one year	436,142	(c)
2	Provisions	47	
3	**Total liabilities**	**436,189**	
Shareholders' Equity			
1	Called up share capital	113,390	(a)
2	Profit and loss account	11,840	(b)
3	**Total shareholders' equity**	**125,230**	

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. 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
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

Own funds requirements

The own funds requirement of a non-SNI MIFIDPRU investment firm is the highest of:

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

For the Company, this is the K-factor requirement. The K-factors applicable to the Company are K-CMH, K-ASA, K-NPR, K-TCD and K-DTF. See table 4 on the following page.

Table 4: Own funds requirements

(£000s)	31-Dec-25	31-Dec-24
Permanent minimum capital requirement	**750**	**750**
K-factor requirement	**49,226**	**42,071**
Sum of the K-AUM requirement, the K-CMH requirement and the K-ASA requirement	45,368	38,963
Sum of the K-COH requirement and the K-DTF requirement	3,524	2,393
Sum of the K-NPR requirement, the K-CMG requirement, the K-TCD requirement and the K-CON requirement	334	715
Fixed overheads requirement	**23,294**	**21,865**

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

The £6.4m increase in K-AUM, K-CMH, and K-ASA requirement is largely attributable to K-ASA, which has increased c.£5m driven by new client on-boarding activity. All other applicable K-factors remain broadly stable. The Company's FOR increased due to a higher audited expense base, partially offset by higher eligible deductions.

The Company maintains capital in excess of minimum regulatory requirements. Internal capital target levels are set above minimum regulatory requirements in order to provide capacity for balance sheet volatility. These targets are determined to be appropriate, sustainable and consistent with the capital objectives, business model, risk appetite and capital plan as noted in the Pershing Group's Capital Management Policy.

6.1 Internal Capital Adequacy and Risk Assessment

Through the ICARA process, the Company documents the material risks to which it is exposed, and determines the own funds requirement and liquid assets threshold requirement needed to support the business model, through the economic cycle, and under a range of plausible but severe stress scenarios. The assessment reflects the Company's overall risk appetite and business model, including the absence of proprietary trading activities 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 and has identified through the ICARA process that additional own funds are required to be held.

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 three 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') provides oversight of all incentive plans and the process to evaluate misconduct-based incentive compensation reductions for employees. It is responsible for ensuring sound risk management, effective controls, and strong governance of the firm's compensation plans and incentive reduction processes. It advises the HRCC on any compensation risk issues. The members of the COC are senior members of BNY management, including the Chief People Officer ('CPO'), the Chief Risk Officer ('CRO'), the Chief Auditor, and General Counsel. Independent review of incentive plans is under the purview of the CRO, and they report their assessment to the HRCC annually.

EMEA Remuneration Advisory Council ('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.

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. Individual and team contributions are valued and rewarded 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 interests of employees and shareholders are aligned by encouraging actions that contribute to superior financial performance and long-term shareholder value; by rewarding success; and by ensuring that incentive compensation arrangements do not encourage 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. The compensation structure is comprised of an appropriate mix of fixed and variable compensation that is paid over time. The aim is 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 of BNY who provided services to the Company 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 and an individual's performance as measured against feedback on the following aspects: Result-based goals, Risk goal and Principles goal.

Variable compensation may consist of both cash and equity, 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: cash 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 three risk factor areas.

To ensure effective management of risk adjustments, BNY requires employees who receive variable remuneration awards 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 in cash (payable shortly after the date of award) and equity (deferred over a period of at least three years). The deferred portion is set out in the table below according to level of role and award.

	Total incentive award (US$000)				
Level	**< 50.0**	**50.0 to 149.9**	**150 to 249.9**	**250 to 499.9**	**>= 500.0**
Below Vice President	5.0%	5.0%	5.0%	5.0%	5.0%
Vice President/Senior Vice President	5.0%	10.0%	15.0%	20.0%	25.0%
Director	5.0%	20.0%	25.0%	30.0%	35.0%
Senior Director/Managing Director	5.0%	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 50% 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 4 years for FCA Senior Managers and 3 years for Other MRTs.

Each tranche of deferred vested equity is subject to a retention period post vesting before it may be sold of six months.

50% Deferral Table (if variable pay below £500,000)		
	Cash	**Deferred Equity**
Variable Remuneration	50%	50%

60% Deferral Table (if variable pay £500,000 or more)		
	Cash	**Deferred Equity**
Variable Remuneration	40%	60%

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-discretionary and 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 2025 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.

For 2025, the Companies did not award any guaranteed variable remuneration awards or severance payments to identified staff.

Table 5: REM1 Remuneration awarded for the financial year

At 31 December 2025 (£000s)		Senior management	Other material risk takers	Other staff
Fixed remuneration	**Number of identified staff**	**16**	**6**	
	Total fixed remuneration	**3,311**	**990**	**25,205**
	Of which: cash-based	3,311	990	25,205
Variable remuneration	**Number of identified staff**	**11**	**4**	
	Total variable remuneration	**3,384**	**805**	**3,507**
	Of which: cash-based	1,776	420	3,091
	Of which: deferred	—	—	—
	Of which: shares or equivalent ownership interests	1,608	385	416
	Of which: deferred	1,608	385	416
Total remuneration		**6,695**	**1,795**	**28,712**

Note: Selected non-applicable rows have not been presented

[1] Includes base salary and other cash allowances, plus any incentive awarded for full year 2025. Pension contribution is not included.

Table 6: 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 2025 (£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	**8,088**	**2,034**	**6,054**	**—**	**—**	**2,034**
Cash-based	87	53	34	—	—	53
Shares or equivalent ownership interests	8,001	1,981	6,020	—	—	1981
Share-linked instruments or equivalent non-cash instruments	—	—	—	—	—	—
Other forms	—	—	—	—	—	—
Other material risk takers	**854**	**240**	**613**	**—**	**—**	**240**
Cash-based	—	—	—	—	—	—
Shares or equivalent ownership interests	854	240	613	—	—	240
Share-linked instruments or equivalent non-cash instruments	—	—	—	—	—	—
Other forms	—	—	—	—	—	—
Total amount	**8,942**	**2,274**	**6,667**	**—**	**—**	**2,274**

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 2025.

Appendix 1 - Other risks

The following risk types were identified during the Company’s ICARA process as applicable; however, it was determined that these risks do not give rise to an Own Funds Capital Requirement.

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 Pershing Group 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 the Pershing Group's’s Engineering and associated Operations area. This area is predominantly managed from within the Pershing Group 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 Company is part of a Global Systemically Important Financial Institution (G-SIFI), and has access to supporting infrastructure and group capabilities, including technology and cyber security resources.

Strategic Business risk

This is the risk to the Company arising from changes in its 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 has an established business model and maintains a strategy intended to meet client needs and responds to developments in the financial industry. The ExCo has established a governance structure and oversight arrangements to support the controlled execution of business plans. Business objectives are developed by ExCo and approved by the Board.

Pershing Securities Limited
Royal Liver Building
Pier Head, Liverpool L3 1LL
United Kingdom
+44 20 7163 8000

bny.com