

IFPR: MIFIDPRU annual disclosures

Thames River Capital LLP

For the year ended 31st March 2022

Introduction

Purpose and Background

Purpose

This document sets out Thames River Capital LLP's ("TRC") public disclosures in relation to Governance Arrangements, Own Funds and Own Funds Requirements as required under MIFIDPRU as at 31 March 2022.

Background

The Investment Firms Prudential Regime (IFPR) came into effect on the 1st January 2022 as a new regime for UK firms authorised under the Markets in Financial Instruments Directive (MiFID). The IFPR was implemented by the FCA as prudential regulation within "MIFIDPRU", which seeks to address the potential harm posed by investment firms to their clients and the markets they operate in. MIFIDPRU disclosure requirements improve transparency for market participants into how firms are run.

Contents of the disclosures

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Basis of Disclosures

Scope and Application of disclosures

The disclosures in this document relate to Thames River Capital LLP, a wholly owned subsidiary of Columbia Threadneedle Investments, with ultimate parent, Ameriprise Financial, Inc. TRC is a non-SNI MIFIDPRU Investment firm, incorporated in England and authorised by the FCA.

TRC is required to disclose on an individual entity basis and these disclosures have been prepared in line with the requirements described in MIFIDPRU 8, taking account of the FCA's transitional provisions for disclosure requirements contained in MIFIDPRU TP12, which limit requirements to Governance, Own Funds and Own Funds Requirements. These disclosures are published on at least an annual basis in line with the annual publication of TRC's audited financial statements, with reference point 31st March 2022. Revised disclosures will be published should significant changes occur to TRC's business model. None of the disclosures have been audited and they have been produced solely for the purposes of satisfying the MIFIDPRU requirements.

These disclosures are published on the Columbia Threadneedle Investments website:

[Disclosures | Columbia Threadneedle Investments](#)

Governance Arrangements

Management Committee

The TRC Management Committee is the management body responsible for defining, overseeing and implementing governance arrangements within TRC. The Management Committee meet at least four times per calendar year.

The Management Committee is responsible for supervising the effective and prudent management of the business and affairs of the LLP and for ensuring the LLP has a robust corporate governance structure with well-defined, transparent and consistent lines of accountability. This includes oversight of the LLP's risk framework and internal controls. It also includes segregation of duties within the business and the identification and management of conflicts of interest.

The Management Committee acts in the best interests of the LLP and in a way to promote the integrity of the market and the interests of clients. The Management Committee is directly accountable to the members of the LLP, but must also consider the interests of its customers, employees and other stakeholders.

The Management Committee does rely on certain Group functions to manage, monitor and analyse key areas of responsibility, but gains sufficient information to discharge its duties. TRC does not have a separate Risk Committee, but the Management Committee may delegate review and monitoring to other Committees established for specific purposes.

TRC, through the Management Committee, adopts, as applicable, Ameriprise Corporate Policies. The Management Committee may also rely on the advice, reports and opinions of consultants, counsel, accountants, auditors and other expert advisers.

Governance Arrangements

Directorships

TRC can confirm that no members of the Management Committee currently hold any directorships which should be disclosed under the requirements of MIFIDPRU chapter 8. Furthermore, no modifications or waivers have been required to be granted by the FCA in order to allow any Management Committee member to hold additional directorships.

Diversity

The Management Committee's diversity policy states that a committee made up of highly qualified members from diverse backgrounds who reflect the changing population demographics of the markets in which the LLP operates, the talent available with the required expertise and the LLP's evolving customer and employee base, promotes better corporate governance.

In reviewing its composition, the Management Committee consider the benefits of having a broad range of views, experiences, skills, backgrounds and values represented. To support this, the Management Committee will, when identifying candidates for appointment:

- consider only candidates who are highly qualified based on their experience, functional expertise, and personal skills and other qualities of directors;
- consider diversity criteria including gender, age, nationality, ethnicity and educational and professional background;
- where appropriate, in addition to its own search, engage qualified independent external advisors to conduct a search for candidates that meet the Committee's skills and diversity criteria to help achieve its diversity aspirations

All appointments are made on merit, judged against a set of objective criteria with regard to the requirement for diversity on the Management Committee.

Governance Arrangements

Diversity

TRC's approach and efforts to achieve diverse representation are based on promoting the Diversity and Inclusion ("D&I") framework in place across Columbia Threadneedle. This aims to foster a culture in which all employees feel safe, included, valued and respected. We embrace the unique contributions of everyone at Columbia Threadneedle and empower them to deliver value for our diverse clients and community.

The primary objective is to change the profile of our employee base over time to better reflect our client base and the broader population by increasing the percentage of women, black, ethnic and all under-represented groups across every level of the organisation. Actions to achieve this centre upon:

- Recruitment -sourcing and recruiting diverse candidates
- Development and Leadership -evolve training and employee programs to be inclusive, respectful and supportive.
- Advocacy -proactively build reputation
- Governance and accountability -embed clear accountability for diversity and inclusion

Columbia Threadneedle's strategic approach is aligned with that of our parent company Ameriprise, sharing an organisation-wide approach and resources to advance diversity and inclusion to deliver strong business results.

TRC's Own Funds

TRC's regulatory capital consists entirely of Members' capital classified as equity, which is Common Equity Tier 1 capital, the highest form of Tier 1 capital.

The following tables below, in compliance with MIFIDPRU disclosure requirements, disclose:

- 1) the composition of TRC's own funds
- 2) a reconciliation of own funds to the capital in the balance sheet per the audited financial statements of the firm, followed by
- 3) a description of the main features of the CET1 capital issued by the firm.

The tables are based on TRC's Members' Report and Financial Statements as at 31 March 2022.

Table 1 –Composition of regulatory own funds

	Item	Amount (GBP thousands)	Source*
1	OWN FUNDS	7,000	
2	TIER 1 CAPITAL	7,000	
3	COMMON EQUITY TIER 1 CAPITAL	7,000	
4	Fully paid up capital instruments	7,000	Note 14
5	Share premium		
6	Retained earnings		
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	0	
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	TIER 2 CAPITAL	0	
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

*Source based on reference numbers/letters of the balance sheet in the audited financial statements

Table 2 –Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

		Balance sheet as in published / audited financial statements	Under regulatory scope of consolidation	Cross reference to Table 1
		As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements (GBP thousands)				
1	Property, plant and equipment	179		
2	Trade and other receivables	31,502		
3	Cash	14,060		
Total Assets		45,741		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements (GBP thousands)				
1	Trade and other payables	8,814		
2	Provisions for liabilities	29		
3	Members' capital classified as a liability	22		
Total Liabilities		8,865		
Members' interests classified as equity (GBP thousands)				
1	Members' capital classified as equity	7,000		Item 4
2	Other reserves classified as equity	29,876		
Total Members' interest classified as equity		36,876		

Own funds: main features of own instruments issued by the firm

Corporate Member's capital is only repayable on either the winding up or the sale of the LLP and is paid out of a surplus of assets or sale proceeds following settlement of all creditor liabilities, in addition to expenses of the winding up or sale respectively. The Members have concluded that due to the residual and discretionary basis of the Corporate Member's capital repayment, the Capital is considered equity in nature, and on this basis has been classified in the Statement of Financial Position as Member's capital classified as equity.

Members are required to make capital contributions in accordance with the LLP Deed as determined by the Management Committee. No member is entitled to receive interest on their capital contribution. The Management Committee can determine to return capital contributions to Members provided sufficient regulatory capital exists and the transaction is approved by the FCA. In the case of cessation of membership, any capital repayment due to Members is to be settled by the LLP within a six-month period, provided FCA regulatory capital requirements are met.

Further detail on the nature and purpose of Members' interests can be found in the Members' Report and Financial Statements.

Own funds requirements

TRC's Pillar 1 capital requirement is calculated as the higher of:

- (a) permanent minimum capital requirement of £75,000;
- (b) total K-Factor requirement; and
- (c) the fixed overheads requirement.

As at 31 March 2022, TRC's Fixed Overhead Requirement of £897,000 establishes its Pillar 1 capital requirement, being higher than the base capital requirement and the total K-Factor requirement.

Own fund requirements as at March 2022	
	£'000
Permanent minimum capital requirement	75
Sum of K-AUM, K-CMH and K-ASA	92
Sum of K-COH and K-DTF	0
Sum of K-NPR, K-CMG, K-TCD and K-CON	0
Total K-factor requirement	92
Fixed overhead requirement	897
Own fund requirement	897

Meeting the Overall financial adequacy rule (“OFAR”)

Under IFPR, TRC is required to assess own funds and liquidity requirements set out in the Internal Capital Adequacy and Risk Assessment process (“ICARA”) and ensure sufficient own funds and liquidity resources are held at all times to meet the OFAR. The process of embedding the ICARA process within TRC is underway and the first ICARA process will be completed in the second half of 2022.

As part of the ICARA process the adequacy of capital to support current and future activities is monitored to ensure that TRC has adequate capital and liquidity to enable it to manage risks not deemed to be adequately covered under the Pillar 1 minimum requirements. This is a forward-looking exercise with the level of capital and liquidity required by TRC being assessed through reviewing a number of scenarios, as determined by the LLP Management Committee, and comparing them with the base case scenario of our budgeted business plan. This approach identifies the timescale and extent of possible capital and liquidity deficiencies should an adverse scenario arise. The additional level of capital and liquidity required to cover TRC against such a scenario can then be assessed and / or the mitigating actions identified which are required to ensure a continued capital and liquidity surplus.

In addition, TRC must ensure that it has adequate own funds and liquid assets so that its business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The ICARA will be updated and formally reviewed, challenged and approved by the TRC Management Committee on an annual basis, or more frequently if fundamental changes to the business require it.

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