

# Thames River Capital LLP

MIFIDPRU 8 Disclosure

**As at 31 March 2024**

## Table of Contents

<b>1. Summary</b> .....	<b>3</b>
1.1 Introduction .....	3
1.2 Purpose.....	3
1.3 Background.....	3
1.4 Basis of Disclosures .....	3
1.5 Frequency of disclosure .....	3
1.6 Media and location of disclosure.....	3
<b>2. Governance arrangements</b> .....	<b>4</b>
2.1 Management Committee .....	4
2.2 EMEA Executive Management.....	5
2.3 CTIUKIL & TAMUKIHL Governance Committees .....	5
2.4 Directorships held by members of the management body .....	5
2.5 FCA Senior Management Arrangements, Systems and Controls.....	6
2.6 Diversity .....	6
<b>3. Risk Management objectives and policies</b> .....	<b>8</b>
3.1 Enterprise Risk Management Framework.....	8
3.2 Policies and procedures .....	8
3.3 Risk Management Structure and Operations .....	9
3.4 Risk Appetite Framework .....	10
3.5 Risk identification and assessment.....	10
3.6 Risk management objectives.....	10
<b>4. Own Funds</b> .....	<b>12</b>
4.1 Composition of regulatory Own Funds.....	12
4.2 Reconciliation of regulatory Own Funds to balance sheet in the audited financial statements.....	13
4.3 Own Funds: main features of Own Funds instruments issued by TRC.....	13
<b>5. Own Funds Requirement</b> .....	<b>14</b>
5.1 Permanent Minimum Requirement .....	14
5.2 Fixed Overheads Requirement.....	14
5.3 K-Factor Requirement .....	14
5.4 Adequacy of Own Funds approach.....	14
<b>6. Remuneration policy and procedures</b> .....	<b>16</b>
6.1 Approach and objectives of financial incentives .....	16
6.2 Decision-making process for remuneration policy.....	16
6.3 Material Risk Taker Identification.....	16
6.4 Components of remuneration .....	16
6.5 Determining Incentive Remuneration Pools.....	17
6.6 Determining Individual Incentive Awards .....	17
6.7 Delivery of Total Incentives.....	17
6.8 Quantitative Disclosure.....	17

## 1. Summary

### 1.1 Introduction

Thames River Capital LLP (“**TRC**” or “**the Company**”) is a subsidiary within the Columbia Threadneedle Investments UK International Limited (“**CTIUKIL**”) Group of Companies and forms part of the EMEA business of Columbia Threadneedle Investments, the global asset management group of Ameriprise Financial, Inc. (“**Ameriprise**”), a leading US-based financial services provider. The combined operations of CTIUKIL and TAM UK International Holdings Limited (“**TAMUKIHL**”) are referred to as “**the Group**” or “**Columbia Threadneedle Investments**”.

### 1.2 Purpose

The disclosures included in this document are prepared in accordance with the Financial Conduct Authority (“**FCA**”) Prudential Sourcebook for Markets in Financial Instruments Directive Investment Firms (“**MIFIDPRU**”). It sets out TRC’s public disclosures in relation to Governance Arrangements, Risk Management Objectives and Policies, Own Funds, Own Funds Requirements, Remuneration and Investment Policy as required under MIFIDPRU 8 as at 31 March 2024.

### 1.3 Background

The Investment Firms Prudential Regime (“**IFPR**”) came into effect on 1 January 2022 as a new regime for UK firms authorised under the Markets in Financial Instruments Directive (“**MiFID**”). 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 aims to encourage market discipline by developing a set of disclosure requirements which provides market participants with key information on TRC’s Own Funds, behaviour, and culture.

### 1.4 Basis of Disclosures

The disclosures in this document are made in respect of TRC, which is incorporated in England and authorised by the FCA and classified as a non-small non-interconnected (“**Non-SNI**”) MIFIDPRU Investment firm based on an assessment of the criteria set out in MIFIDPRU 1.2.1.

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.

TRC is exempt from the requirement to provide investment policy disclosures as it is not categorised as a larger non-SNI firm due to meeting the conditions set out in MIFIDPRU 7.1.4, i.e., TRC’s average assets over the preceding four-year period are less than £100 million and it has no trading book business or derivative exposures.

### 1.5 Frequency of disclosure

These disclosures are published at least on an annual basis in line with the annual publication of TRC’s audited financial statements, with reference period being 31 March 2024. Revised disclosures will be published should significant changes occur to TRC’s business model.

### 1.6 Media and location of disclosure

These disclosures are published on the Columbia Threadneedle Investments website: <https://www.columbiathreadneedle.com/en/disclosures/>

The disclosures have been prepared as required under MIFIDPRU 8 guidelines and for no other purpose. They do not constitute any form of financial statement and must not be relied upon in making any judgement about TRC.

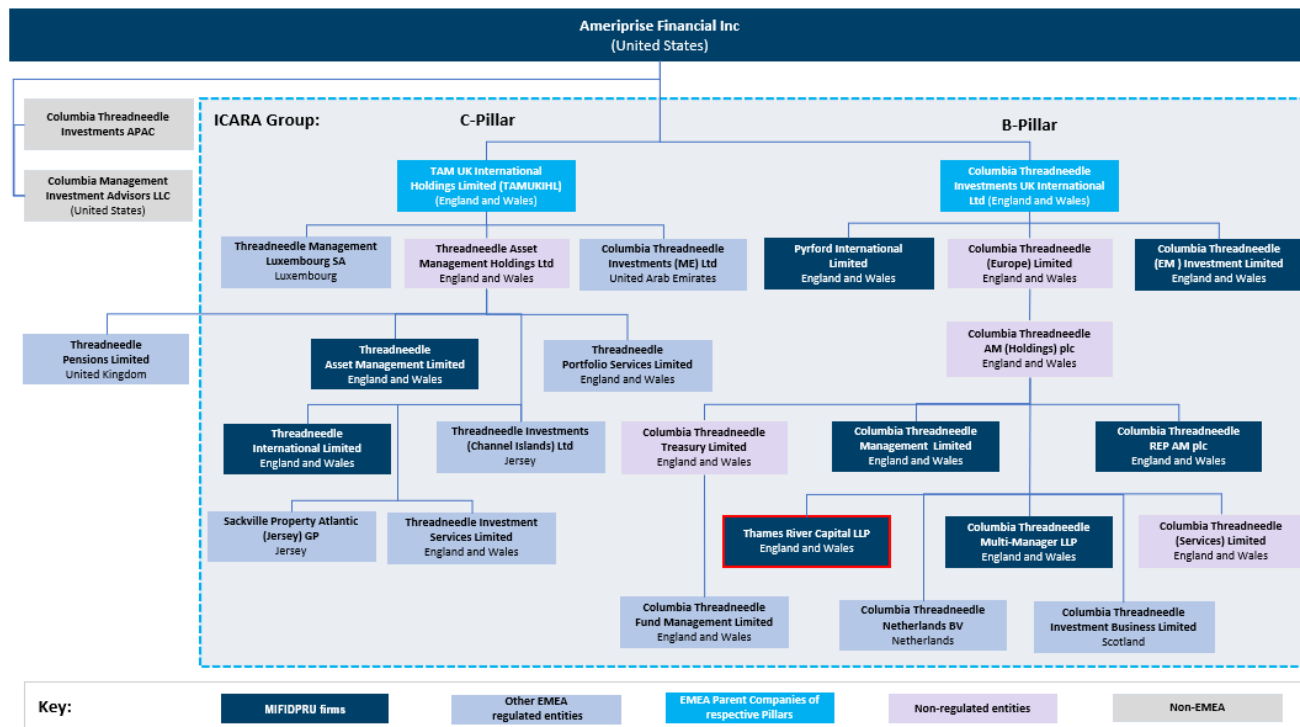
## 2. Governance arrangements

As a wholly owned subsidiary of the Group and Ameriprise, TRC's corporate governance structure is embedded within Group's governance framework. Each subsidiary of the Group, including TRC, have a Board of Director or equivalent Management Committee.

Given TRC forms part of Columbia Threadneedle Investments which manages its operations on a group-level basis, all of TRC's activities are covered by the Group's policies and processes.

The below simplified diagram demonstrates how TRC as a legal entity is structured within the overall Group:

Figure 1: Organisational Structure



Notes:  
TAMUKIHL is deemed to be the parent company of the Combined ICARA Group of TAM UK International Holdings Limited (C-Pillar) and Columbia Threadneedle Investments UK International Limited (B-Pillar) in line with MIFIDPRU 2.4.8.  
Some legal entities including non-regulated subsidiaries and intermediate holding companies are excluded from the diagram above.  
The Board, Audit & Risk Committee and FORC now operate on a combined basis for both C-Pillar Group and B-Pillar Group.

### 2.1 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 for ensuring TRC has a robust corporate governance structure with well-defined, transparent and consistent lines of accountability.

This includes oversight of TRC'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 operates with delegated authority from the Members of TRC subject to any matters which require a decision from the Members per reserved matters listed in the LLP agreement. In taking decisions, the Management Committee 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 whether at a TRC or wider group level.

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.

TRC's Management Committee report into EMEA Executive Management governance framework (refer to Figure 2).

## 2.2 EMEA Executive Management

The EMEA Executive Management Committees consist of the Group's executive management team, including those who hold SMF functions and/or prescribed responsibilities under the FCA Senior Managers & Certification Regime. The EMEA Executive Management Committees meet to ensure that all affairs of the business are cohesively managed, and that clients' interests and the potential capital and liquidity implications of decisions are considered and reflected in the Internal Capital Adequacy and Risk Assessment ("ICARA") appropriately by the most senior members of the Group.

The objectives of EMEA Executive Management Committees are:

- **BMC:** to manage and monitor delivery against the Group's strategic and financial plans, including delivery against client needs and interests; and
- **FORC:** to manage and mitigate current and prospective risks (including risks to client interests), monitor the effectiveness of controls, and consider/oversee the Group and subsidiaries' capital and liquidity positions and risk appetite through its sub-delegated committees, namely the EMEA Financial Risk Management Committee ("**EMEA FRMC**") and the EMEA Operational Risk Management Committee ("**EMEA ORMC**").
  - The **EMEA FRMC** operates under the delegated authority of the EMEA FORC. It is the day to day working committee for the identification, assessment and management of financial risks including Liquidity, Capital, Market, Investment, Credit and Product risks, in line with Ameriprise Policy, Local Board and Regulatory requirements.
  - The **EMEA ORMC**, a sub-committee of the EMEA FORC, has been established as the day to day working committee for the identification, assessment, and management of non-financial risks i.e., Operational, Reputational, Strategic, Legal & Compliance risks, in line with Ameriprise Policy and the Group Board and Regulatory requirements.

This structure is not intended to limit or narrow the scope of either committee, i.e., the EMEA FORC will consider business implications in its decision making and vice versa.

## 2.3 CTIUKIL & TAMUKIHL Governance Committees

TRC is classified as a non-SNI MIFIDPRU investment firm which meets the conditions outlined in MIFIDPRU 7.1.4R and therefore is not required to establish its own Risk, Remuneration and Nomination Committees.

The Group is supported by the Audit and Risk Committee, the Remuneration Committee and the Nominating and Governance Committee as part of the governance framework which in turn has an oversight of the Group subsidiaries including TRC.

The objectives of these committees are set out below:

- **Audit and Risk Committee** acts as an advisory committee in order to assist the combined Board of CTIUKIL & TAMUKIHL ("Group Board") in carrying out its responsibilities as they relate to the risk/harm management, internal control, and the conduct of its business across EMEA in accordance with regulation, legislation, and business best practice.
- **Remuneration Committee** establishes and reviews the philosophy and objectives that will govern the Group's reward and benefit programme, reviews and approves reward and benefit plans, policies, and practices; directly oversees the remuneration of EMEA's Control Functions (Risk, Compliance and Internal Audit) to ensure conflicts of interest are avoided, and oversee and approves EMEA's remuneration including its compliance with relevant regulatory standards.
- **Nominating and Governance Committee** is authorised by the Board to assume a leadership role in shaping the corporate governance of the Group of Companies. The Group remuneration policies cover TRC's members as well as the Group employees who provide services to TRC and ensure that all persons who are involved in running TRC or have other key functions are at all times fit and proper.

## 2.4 Directorships held by members of the management body

TRC maintains a record of the number of directorships (executive and non-executive) held by each member of the TRC Members. The following directorships are not within the scope of this disclosure requirement and are therefore not disclosed:

- Executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives (e.g., charitable organisations).
- Executive and non-executive directorships held within the same group or within an undertaking (including a non-financial sector entity) in which TRC holds a qualifying holding.

The table below sets out the number of external directorships, as prescribed by MIFIDPRU 8.3.2R, held by members of the TRC Members as at 31 March 2024.

**Table 1: Number of external directorships**

Name of LLP member	Position within the Company	Number of directorships <sup>1</sup>
Joanne Lesley Elliot (appointed 01 August 2005)	LLP Member	42
Marcus Phayre-Mudge (appointed 01 August 2005)	LLP Member	42
Peter Stone (appointed 11 April 2022)	LLP Designated Member	0
Stewart Bennett (appointed 02 August 2019)	LLP Designated Member	0

<sup>1</sup> Number of external directorships held by the management body which pursue predominantly commercial objectives.

## 2.5 FCA Senior Management Arrangements, Systems and Controls

TRC complies with Senior Managers and Certification Regime (“**SMCR**”) for FCA solo-regulated firms and falls under the core firm category. The entity is required to comply with the baseline requirements due to its size and complexity. However, TRC Members and members of BMC and FORC are governed by the Group-wide Terms of References, which include the responsibilities and requirements listed under FCA’s Senior Management Arrangements and Controls rulebook (“**SYSC**”) 4.3A.1 which ensures that the management body defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the firm, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients.

## 2.6 Diversity

TRC’s approach and efforts to achieve diverse representation are based on promoting the Diversity, Equity and Inclusion (“**DEI**”) framework in place across the Group.

This aims to foster a culture in which all employees feel safe, included, valued, and respected where we embrace the unique contributions of everyone in our organisation and empower them to deliver value for our diverse clients and communities.

Our business is driven by the capabilities and commitment of our people. Attracting, retaining and developing our people is central to our long-term success. Culture is essential to help guide decision-making and daily interactions. We work to be inclusive, embrace individual differences and develop our people as they advance in their careers.

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, and all under-represented groups across every level of the organisation.

Actions to achieve this centre upon:

- **Recruitment:** A talent strategy that improves sourcing and recruiting of diverse candidates at all levels of the organisation to better reflect our clients and the markets in which we operate.
- **Development and Leadership:** Training and programmes, such as our DEI-specific curriculum and Women’s Leadership Academy, to continue to foster a culture that is inclusive, and supports employees to develop and advance in their careers.
- **Advocacy:** Champion DEI issues, raising awareness internally and externally through our leadership team and corporate partnerships.
- **Governance and Accountability:** Leadership oversight and goals to drive clear accountability for DEI among senior leaders and all employees.

As a signatory to HM Treasury’s Women in Finance Charter, Columbia Threadneedle Investments has targets to grow the representation of women at all levels of our business, including the TAMUKIHL & CTIUKIL Board. We actively monitor progress to ensure that initiatives and actions have the intended impact.

Columbia Threadneedle Investments additionally publishes, on an annual basis, a Gender Pay Report ([UK Gender Pay Gap Report 2023.pdf](#)) which sets out the Group’s progress in this regard.

Columbia Threadneedle Investments' 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. Further information can be found on: <https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-business/responsible-employer/>



### 3. Risk Management objectives and policies

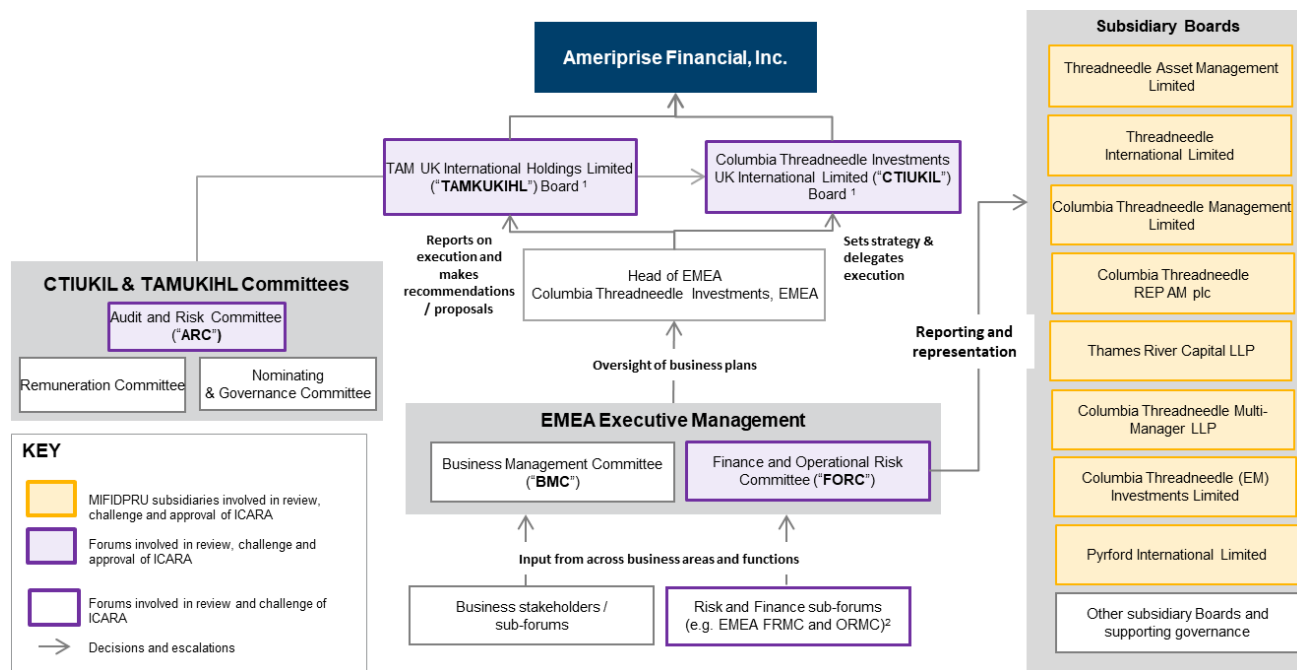
#### 3.1 Enterprise Risk Management Framework

TRC is part of the Group-wide Enterprise Risk Management Framework (“ERM”). The ERM programme provides a framework for the identification, monitoring and management of risks and harms, including compliance with applicable local regulatory requirements and expectations. The ERM framework is designed to enable the Group and its subsidiaries to protect the interests of its clients by managing all elements of risk and harms on a forward-looking basis.

The Group’s strategy, business model and related processes and controls includes the investment activities and operations conducted by TRC. Therefore, the Group’s systems of internal controls and risk/harms management reflect TRC related activities. The management of risk and harms within TRC forms part of the overall Group risk management framework, which sets out to identify, monitor, report and manage risk and harms throughout the Group. The framework is designed to embed an awareness of risk into all strategic and operational business decisions.

The figure below sets out the formal statutory governance framework within EMEA. The Group and TRC Members meets quarterly, inter alia, to consider client interests, overall business strategy, set budgets and review forecasts, supervise compliance with regulatory and legal requirements, review capital adequacy position, liquidity position, approve off budget expenditure, including acquisitions, and approve senior level appointments.

Figure 2: Governance Framework of Columbia Threadneedle Investments EMEA



<sup>1</sup>TAMUKIHL is the deemed parent for the combined B Pillar Group (“CTIUKIL”) and C Pillar Group (“TAMUKIHL”), which meets on a combined basis with CTIUKIL from Q4 2023  
<sup>2</sup> Financial Risk Management Committee (“FRMC”) and Operational Risk Management Committee (“ORMCM”)

#### 3.2 Policies and procedures

The Group has adopted comprehensive policies and procedures which govern management of risk and harms. These policies and procedures have been adopted by the FORC and BMC for management of risk in all EMEA business units including TRC. The commitment to maintain adequate capital and liquidity resources at the Group level and its material subsidiaries has been laid out in the Capital Risk Management Policy and Liquidity Risk Management Policy respectively. At the top-down level, the policies establish the corporate parameters for risk appetite and management of all risks and harms to accurately reflect the Group’s risk profile.

The Ameriprise Enterprise Risk Policy Framework links to the Group’s Key Risk categories (strategic risk, operational risk, financial risk, legal and compliance risk) which seeks to ensure that risk management is embedded into the day-to-day business operations of the Group, within agreed tolerances. All policy and procedure documents are recorded in a central repository and must be reviewed by their owners at least annually. The effectiveness of Group’s risk management process is assessed by Internal Audit which provides independent assurance of the suitability and effectiveness of the Group’s processes, controls and ERM



Framework, including management’s execution of its responsibilities to seek to ensure an effective system of internal controls, risk/harm management, and compliance is embedded throughout the Group and its subsidiaries including TRC.

### 3.3 Risk Management Structure and Operations

The TRC Members have primary responsibility for both the management and the oversight of the Company’s risks together with the quality and effectiveness of risk management, compliance, and response to regulatory frameworks.

TRC Members meet at least on a quarterly basis to consider reports and issues escalated by their delegated groups and committees. Further information on the Group’s governance structure and key Committees can be found in **Section 2.1** of this disclosure document.

EMEA ORMC and EMEA FRMC have been established to create a robust and efficient forum to focus on the risks to the successful attainment of the Company’s business strategy, including consideration of operational risks, financial risks, the review of any forward looking emerging and strategic risks. These committees report directly into the FORC and meets monthly.

The FORC is chaired by the EMEA Chief Risk Officer and is commonly composed of business line management, Finance and with representatives from the Group Risk, Compliance, Audit and Legal teams. It is the FORC’s responsibility to ensure that the Group Audit & Risk Committee and ultimately the Group and TRC Members are cognisant of all material issues, including the Company’s risk management objectives around own funds, concentration risk, and liquidity risks as addressed by MIFIDPRU 4, 5, and 6 respectively.

To enforce these clear lines of responsibility, the Group follows a three lines of defence structured approach, see below for further detail, as well as operating under the FCA’s SMCR, which aims to improve individual accountability and awareness of conduct issues across those working in financial services by:

- encouraging staff to take personal responsibility for their activities and the risks these give rise to;
- improving conduct at all levels; and
- making sure firms and staff clearly understand and can show who is responsible and accountable where issues occur.

#### Three lines of defence

The Group Board is responsible for establishing the Columbia Threadneedle Investments’ Risk Appetite and Strategy, which includes approving the Group’s risk management framework, policies, methodologies, and roles and responsibilities.

The Group Board is also responsible for setting the tone from the top and communicating Columbia Threadneedle Investments’ four values: Client Focus, Excellence, Integrity and Respect, which are core to the Group’s culture, strategy and processes. All staff share responsibility for delivering these values across the business.

The “three lines of defence” model helps to further embed the Group’s four key values and ensures clear ownership of its Risk Management Framework, which can be summarised as follows:

Table 2: Three Lines of Defence Model

Lines of defence	Roles and responsibilities
<b>First Line</b> Business units	Undertake day-to-day risk management
	Comply with the ERM Framework, Policies and Procedures
	Apply internal management controls and improvement actions
<b>Second Line</b> Risk and Compliance	Oversee and challenge risk management in the First Line of Defence
	Provide guidance and direction to the First Line of Defence
	Develop and communicate the ERM Framework
<b>Third Line</b> Internal audit	Independent perspective and challenge process
	Reviews and oversees both First and Second line of Defence

All lines of defence report to the board of directors and senior management, either directly through formal reporting or through delegated Committees.

### 3.4 Risk Appetite Framework

The Group Board established a risk appetite for Columbia Threadneedle which captures activities carried out by TRC. It expresses the Group's tolerance for risks that it faces. It defines the risks that the Group is prepared to accept in order to deliver its strategic objectives. These allow management and the Group Board to monitor the Columbia Threadneedle's exposure to risk and ensure that it stays within the Group's tolerance. Should a risk exceed its tolerance thresholds, the Group considers if and/or how it should:

- mitigate the risk where possible;
- explicitly accept the risk and consider increasing the risk appetite; or
- scale down or terminate the activity.

The Group employs a range of approaches to monitor and report risks throughout the organisation in the context of its risk appetite. These include a Risk and Control Self-Assessment process, dashboards to report the status and direction of key risks, a rigorous process to identify, record and resolve risk events, and policies and procedures covering the Group's risks and processes.

Columbia Threadneedle Investments' risk appetite may change as its business evolves. The Group Board therefore reviews and formally approves the risk appetite annually, as well as when the Group's risks, or the markets in which it operates, are materially altered.

The framework is embedded within the Group's core business processes and is used as a tool for decision-making and strategic analysis. All the elements of the risk framework inform one another, leading to a cycle of continuous improvement. This enables the Group's overall solvency needs to be assessed in a continuous and prospective way in relation to its risk profile.

### 3.5 Risk identification and assessment

The Group and its subsidiaries (including TRC) are exposed to a number of risks and potential harms in pursuing its business strategy, these have been grouped into the following four categories in the Risk Library:

- **strategic risk** is the risk arising from adverse business decisions, decisions that are not aligned with the organisation's overall strategy or mission, or lack of responsiveness to environmental changes.
- **operational risk** is the risk of loss resulting from internal processes which are inadequate or have failed due to human errors, system failures, or external events.
- **legal and compliance risk** is the risk of loss due to a failure to comply with law, legal agreements or regulations.
- **financial risk** is the risk of loss due to stresses impacting the Group's balance sheet and profit and loss.

The Group has linked potential harms to clients, market and the firm against each risk included in the Risk Library.

The Group has allocated its internal capital requirement assessment to its subsidiaries including TRC using an appropriate basis.

The allocated capital requirement to TRC has been split between relevant K-Factors and where any other risks and associated harms exist that cannot be assigned to any regulatory defined K-Factors under IFPR, these have been assigned to K-Other within the ICARA.

### 3.6 Risk management objectives

The Group, including TRC, analyses its Own Funds and liquid asset needs, as applicable, based on the potential exposure of material harms as identified through risks as documented in its Risk Library and through the stress testing and wind-down assessments embedded in the ICARA process.

The Group, including TRC, complies with MIFIDPRU 7.4 that states that a firm must have appropriate systems and controls in place to identify, monitor, and where appropriate, reduce all potential harms that may result from ongoing operations or winding down of the business. The ERM framework facilitates a common approach to the identification, assessment and management of risk and harms across the Group and is also responsible for capturing, analysing and communicating the risk and control profile to the FORC and other governance bodies (ORMC, FRMC, etc).

#### Own Funds requirement (MIFIDPRU 4)

TRC's Own Funds Requirement is monitored, managed, and reported in accordance with the Group's Capital Risk Management Policy. The objective of this policy is to provide guidelines to ensure effective and efficient

management of capital across the Group and its subsidiaries. The Own Funds requirement is calculated in accordance with **Section 5.1**.

TRC is required to hold the minimum amount of Own Funds to address potential material harms arising from MiFID activities (through the K-factor requirement) and to minimise the potential material harms arising from a wind-down (through the Fixed Overheads Requirement). TRC's Own Funds Requirement is driven by the Fixed Overheads Requirement ("**FOR**") as at 31 March 2024.

#### **Concentration risk (MIFIDPRU 5)**

TRC does not undertake or deal on its own account and therefore concentration risk exposures as defined in MIFIDPRU 5.3 to MIFIDPRU 5.10 are not applicable to TRC. However, TRC is exposed to non-trading book concentration risk arising from earnings associated to key clients or exposures against counterparties. Appropriate metrics have been set at the Group level to seek to mitigate the harms arising from concentration risks.

TRC monitors client earnings concentration and counterparty risk as reported quarterly within MIF004 returns to the FCA. Additionally, TRC's client concentration risk is considered, as part of Group's harms assessment through the ICARA process, explicitly as part of the following assessments:

- **Capital planning and stress testing** where assumptions are made on the loss or reduction of key clients' portfolios to assess the impact on profitability and capital position.
- **Liquidity stress testing** is used to determine the Liquid Assets Threshold Requirement ("**LATR**") for the Group and its regulated subsidiaries including TRC.
- **Wind-Down** where the loss of key clients of TRC are considered as part of the wind-down plans.

#### **Liquidity risk (MIFIDPRU 6)**

Liquidity risk may arise as a result of TRC being unable to meet its obligations as they become due, either because (1) the company is required to pay its liabilities earlier than expected and / or (2) because of its inability to realise assets in order to meet obligations as they fall due or being able to realise assets but only by suffering unacceptable financial loss. Any potential financial harms to TRC and any impact to clients including vendors and outsourced providers are mitigated through the Group Corporate Liquidity Risk Policy and Management Framework ("**Liquidity Policy**"). The Liquidity Policy documents the management framework, responsibilities, processes, and contingency arrangements of the Group and its subsidiaries. The Liquidity Policy ensures that all foreseeable financial commitments can be met as they fall due, and that, if necessary, access to funding is available and cost-effective.

Liquidity is managed daily with real-time cash management / monitoring of balances in place and reporting for regulated entities. This is in addition to monthly reviews and forward-looking assessments of liquidity on an entity basis including TRC.

Liquidity risk is also considered as part of TRC's harm assessment within the Group ICARA process, with liquidity stress-testing undertaken to understand the potential impact of stress events on the Group's liquidity position as well as that of subsidiaries including TRC. The Group ICARA is used to set the Group and TRC's liquidity risk tolerances.

## 4. Own Funds

### 4.1 Composition of regulatory Own Funds

TRC Own Funds consist of share capital, retained earnings and other reserves. Own Funds have been calculated in accordance with the requirements set out in MIFIDPRU 3. Profits are only included within retained earnings once they have been verified by independent auditor. TRC does not have any hybrid capital (e.g., AT1) instruments, Tier 2 capital or any capital which provides TRC with incentives to redeem that capital.

The tables below are based on TRC Financial Statements as at 31 March 2024.

**Table 3: OF1 Composition of Regulatory Own Funds**

No	Item	Amount (£'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	<b>Own Funds<sup>1</sup></b>	<b>7,000</b>	
2	<b>Tier 1 capital</b>	<b>7,000</b>	
3	<b>Common Equity Tier 1 capital</b>	<b>7,000</b>	
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	<b>Additional Tier 1 capital</b>	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) Total deductions from Common Equity Tier 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	<b>Tier 2 capital</b>	-	
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	-	

<sup>1</sup> Own Funds include audited profits per financial statements for the year ended 31 March 2024.

## 4.2 Reconciliation of regulatory Own Funds to balance sheet in the audited financial statements

The table below shows a reconciliation between Own Funds and the entity's balance sheet in the audited financial statements as at 31 March 2024, where the assets and liabilities have been identified by their respective classes.

**Table 4: Reconciliation of Regulatory Own Funds to Balance Sheet**

OF2 Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the audited Financial Statements, as at 31 March 2024 (£'000)			
Item	A	B	C
	Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to template OF1
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>			
	<b>Non- current assets</b>		
1	Property, plant and equipment	199	
	<b>Current assets</b>		
2	Trade and other receivables	13,021	
3	Cash and cash equivalents	14,701	
	<b>Total Assets</b>	<b>27,921</b>	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>			
	<b>Current Liabilities</b>		
1	Trade and other payables	8,002	
2	Provisions for liabilities	29	
3	Members' capital classified as a liability	22	
	<b>Total Liabilities</b>	<b>8,053</b>	
<b>Shareholders' Equity</b>			
1	Members' capital classified as equity	7,000	4 - Fully paid-up capital instruments
2	Other reserves classified as equity	12,868	
	<b>Total Shareholders' Equity</b>	<b>19,868</b>	

## 4.3 Own Funds: main features of Own Funds instruments issued by TRC

TRC's Own Funds consist of Common Equity Tier 1 instruments which are wholly comprised of Limited Liability Partnership Capital.

**Table 5: Own Funds main features**

Issuer	TRC
Public or private placement	Private
Instrument type	Eligible LLP Member's Capital
Amount recognised in regulatory capital (£'000, as at 31 March 2024)	7,000
Nominal amount of instrument	£7,000,000
Accounting classification	Members capital

## 5. Own Funds Requirement

TRC is required to disclose its Permanent Minimum Requirement, FOR and K-Factor Requirement information in accordance with the provisions set out in MIFIDPRU 4.3.

In accordance with MIFIDPRU 4.3.2, TRC is required to hold Own Funds in excess of the greater of:

- a) Permanent Minimum Requirement (“**PMR**”), which for the Company is £75,000; or
- b) Fixed Overheads Requirement (“**FOR**”) which amounts to 25% of its most recently audited annual expenditure less permissible deductions; and
- c) K-Factor Requirement (“**KFR**”).

Table 6: Own Funds requirement

Own Funds requirement	£'000
<b>A. Permanent Minimum Requirement</b>	75
<b>B. FOR</b>	896
Sum of K-AUM, K-CMH and K-ASA	66
Sum of K-COH and K-DTF	-
Sum of K-NPR, K-CMG, K-TCD and K-CON	-
<b>C. Total K-Factor requirements</b>	66
<b>Own Funds Requirement (higher of A, B and C)</b>	<b>896</b>

### 5.1 Permanent Minimum Requirement

PMR represents the minimum capital requirement, also referred to as the initial capital requirement. This is determined based on permissions for the type of investment activities undertaken. Initial capital is set at £75k (for firms which provide execution, portfolio management, advisory services with no permission to hold client money or securities), £150k (with any other MIFID activity including operating a multilateral trading facility), or £750k (who deal on own account or provide underwriting).

TRC does not trade on own account nor operate a multilateral trading facility and is not subject to £750k initial capital requirement but has permission to provide investment management in the course of MIFID business, therefore subject to £75k permanent minimum capital requirement.

### 5.2 Fixed Overheads Requirement

The FOR of a MIFIDPRU investment firm is an amount equal to one quarter of TRC’s relevant expenditure during the preceding year from its most recent audited annual financial statements. Under MIFIDPRU 4.5.3R(2), amongst other deductions from total expenditure, expenses can further be deducted and deemed variable only if they are both non-recurring in nature and arising from non-ordinary activities. As at 31 March 2024, TRC’s FOR was £896k which serves as its Own Funds requirement being the higher of PMR, FOR and KFR.

### 5.3 K-Factor Requirement

KFR is calculated in accordance with MIFIDPRU 4.6 and is based upon investment services provided and MIFID activities undertaken by TRC.

Three K-Factors are relevant for the TRC’s business model:

- **K-AUM** (i.e., Asset Management Activity) is calculated based on the average AUM for its MIFID business over the previous 15 months (excluding the most recent three months) multiplied by a regulatory-defined coefficient of 0.02%;

The remaining K-Factors are not applicable to TRC’s business model as they are considered out of scope (i.e., K-CMH, K-ASA, K-NPR, K-COH, K-DTF, K-CMG, K-TCD and K-CON) as TRC does not have a trading book or permission to hold client money.

### 5.4 Adequacy of Own Funds approach

As prescribed by MIFIDPRU 7.4.7 Overall Financial Adequacy Rule (“**OFAR**”) a firm must, at all times, hold Own Funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

- i. TRC is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- ii. TRC’s business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The Group prepares an ICARA annually or more frequently as required. The ICARA assesses whether the Group and its subsidiaries including TRC hold adequate Own Funds required under MIFIDPRU 7.6.2R.

The ICARA ensures that the Group and its subsidiaries have appropriate systems and controls in place to identify, monitor and, where proportionate, reduce all potential material harms that may result from:

- A. ongoing operation of its business, and
- B. winding down its business.

The Own Funds Threshold Requirement ('**OFTR**') and LATR in addition to Basic Liquid Asset Requirement is calculated as the higher of these two assessments as noted under A and B above and represents how much additional capital or liquid assets may be necessary to address any potential residual impacts to comply with the OFAR.

The Group performs independent assessment and employs other quantitative tools such as stress testing and scenario analysis for this purpose as part of the ICARA process. The Group's allocation of Own Funds Requirement to TRC assesses the potential harms that are applicable to clients, the market and the firm through scenario-based assessment. Some examples of situations that may result in harms to clients include trading error, mandate breach, misselling, failure of an outsourced service provider/vendor. Other examples of harm to the firm include loss of significant clients, failure in IT infrastructure and poorly managed change. TRC is a non-SNI firm and is not considered to be large enough to cause systemic disruption to the market as a whole and is therefore unlikely to cause harm to the market.

The TRC Members ensures the OFTR and LATR identified through the ICARA process and wind-down plan are appropriate and comply with the OFAR by regular monitoring of its capital and liquidity positions in comparison to the calculated threshold requirements.

TRC's capital and liquidity positions are assessed on an on-going basis throughout the year and up-to-date capital and liquidity requirements are reported to the FRMC and FORC on a monthly basis and to the TRC Members on a quarterly basis. This allows implementation of timely management actions as and when appropriate to ensure continuing compliance, including updated assessments at least annually of threshold requirements to reflect emerging exposures and material changes in the business.



## 6. Remuneration policy and procedures

The FCA implemented its MIFIDPRU Remuneration Code with effect from 1 January 2022. Under the Remuneration Code, the Group, a non-SNI firm, must report annually on its remuneration governance, policy and practice. TRC's performance period for remuneration runs from 1 April 2023 to 31 March 2024.

### 6.1 Approach and objectives of financial incentives

The overall objective of the remuneration policy is to promote the long-term interests of the Group, by attracting and retaining effective, engaged and motivated talent and to discourage excessive and imprudent risk taking. The policy is constructed so as to encourage responsible business conduct, fair treatment of clients and address any potential conflicts of interest in the relationship with clients.

### 6.2 Decision-making process for remuneration policy

The Group has a Remuneration Committee which meets regularly to establish the Group's remuneration principles and oversee the governance of the remuneration programmes, policies and procedures. The Remuneration Committee carries out its responsibilities within the authority delegated by the relevant Boards and documented in its Terms of Reference. The responsibilities include approving the terms of the incentive pools, long term incentive plans, and any other incentive arrangements, and the remuneration for senior level employees, specifically reviewing all positions identified as Material Risk Takers including heads of Control Functions.

The Remuneration Committee currently comprises three members who are either executives from Ameriprise Financial, Inc., or non-executives, none of whom held executive positions with the UK based holding company CTIUKIL for the year ending 31 March 2024.

In addition to the Group Remuneration Committee Thames River Capital has a local remuneration committee that determines and approves (subject to oversight from the Group) certain matters relating to compensation for members or employees of the Group dedicated to providing services to the Group.

### 6.3 Material Risk Taker Identification

Material Risk Takers ("MRT") for the Group have been identified through an exercise that involved the mapping of risks and responsibilities, and consideration of other factors.

The Group defines its MRT in line with the definitions provided by SYSC 19G and associated guidance. Those MRT are senior management, individuals with a material impact on the risk profile of the Group, individuals within control functions and other employees whose total remuneration takes them into the same bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Group or of the funds it manages.

TRC had a total of twenty-eight MRT for all or a portion of the performance period.

### 6.4 Components of remuneration

The Group makes a clear distinction between criteria for setting fixed and variable remuneration.

- Fixed remuneration primarily comprises basic salary and allowances which reflect the professional experience and organisational responsibility of staff and are permanent, pre-determined, non-revocable and not dependent on performance. For the purposes of this disclosure only, and in line with the guidance set out in SYSC 19G.4.4, the profit share arrangements for LLP members are classed as fixed remuneration.
- Variable remuneration primarily comprises annual incentive payments made in respect of individual performance.

Variable remuneration awards are discretionary and fully flexible, with the option to pay no incentive award if required. Guaranteed variable remuneration awards are made only on an exceptional basis in the first year of service.

Severance payments are made at the firm's discretion and are usually based on individual service and pay levels. The firm will take into account the individual's performance over time, and payment will not reward failure or misconduct.

## 6.5 Determining Incentive Remuneration Pools

TRC operates a discretionary incentive arrangement under a defined and structured annual compensation review and allocation process. Incentives for Group employees who are members of the TRC team are paid for by profits generated by TRC's fund management activities.

Employees' incentive arrangements are covered by the Group's discretionary compensation plans. Arrangements and payments are reviewed by the members of the Group's senior management.

## 6.6 Determining Individual Incentive Awards

Awards are determined according to the individual employee's performance, market remuneration levels for comparable roles, internal comparators and the funding available to fund variable remuneration awards, further influenced by the employee's adherence to, and delivery of, the Group's risk and regulatory compliance responsibilities.

## 6.7 Delivery of Total Incentives

Employees of the Group who are members of the TRC team receive an annual discretionary incentive award which is payable in June of each year. Their discretionary incentive awards are funded out of the profit share of the individual LLP members. Incentive compensation awarded to employees is subject to deferral into cash. The amount of award deferred ranges from 20% to 50% depending on the size of the award and will vest in equal parts over three years.

Discretionary incentive awards are reviewed and approved by members of the Group's senior management.

## 6.8 Quantitative Disclosure

The aggregate total remuneration for MRT for the period ending 31st March 2024 was £22.5m (of which £15.1m relates to Senior Management and £7.4m relates to Other MRT).

Table 7: Quantitative Disclosures

Remuneration (£'m)	Senior Management	Other MRT	Other Staff	Total remuneration
Fixed remuneration	8.0	3.6	0.7	12.3
Variable remuneration	7.0	3.8	0.8	11.7
<b>Total remuneration</b>	<b>15.1</b>	<b>7.4</b>	<b>1.5</b>	<b>23.9<sup>1</sup></b>
Number of beneficiaries	10	18	7	35

<sup>1</sup> There is a £0.1m difference in the totals due to rounding.

TRC did not award guaranteed variable remuneration awards to any MRT during the performance period. The Group awarded severance payments to one MRT during the financial year. The highest severance payment awarded to an individual MRT during the financial year was £0.15m.