Numis Securities Limited

Company number 2285918

Investment Firms Prudential Regime Disclosures

For the year ended 30 September 2022

numis

Contents

1 Introduction

1.1 Disclosure requirements

These disclosures provide stakeholders and market participants with information on governance arrangements, risk management, capital resources/requirements, and remuneration practices. The document is prepared in accordance with the FCA's Investment Firms Prudential Regime ("IFPR"), which came into force on 1 January 2022. The IFPR sets out the prudential rules and disclosure requirements in the Prudential sourcebook for MiFID investment firms ("MIFIDPRU").

1.2 Scope

Numis Securities Limited ("NSL" or "the Firm") is a MiFID investment firm. It is authorised by the FCA (Firm Reference Number ("FRN") 144822). Under the IFPR, NSL meets the definition of a non-small and non-interconnected firm (a "non-SNI firm") and must disclose the information in MIFIDPRU Chapter 8 on an individual basis. NSL is the main operating entity of the Numis group of companies (the "Group" or "Numis"). The Group structure of Numis legal entities is shown in section 2.1.

1.3 Basis and frequency of disclosure

NSL has an accounting reference date of 30 September and these disclosures are made as at 30 September 2022. MIFIDPRU Transitional Provision 12 (MIFIDPRU TP 12) permits exclusions to IFPR disclosures as the Firm transitions to financial years beginning after 1 January 2022. Consequently, in this version of disclosures, the Firm is not required to disclose the information required by MIFIDPRU 8.2 (Risk management objectives and policies), MIFIDPRU 8.6 (Remuneration policy and practices), and MIFIDPRU 8.7 (Investment policy).

Disclosures are made annually or, if appropriate, more frequently in the event of, for example, a major change to the business model. The disclosures in this document have been reviewed and approved by senior management. The disclosures are not subject to audit and do not constitute any form of audited financial statement.

1.4 Corporate background

NSL provides UK equity market investment bank services to large, mid, and small cap corporate companies and their investors. The core business areas are:

Investment Banking:

- Equity capital markets
- Mergers & acquisitions
- Debt advisory
- Retained broker & adviser
- Private capital raising

Equity Research, Sales, Trading & Execution:

- Research on UK listed companies
- UK sales
- Trading of mainly UK listed companies
- Distribution & execution

On 30 September 2022, NSL had 176 corporate clients, including 68 in the FTSE 350. These clients are in a wide range of sectors.

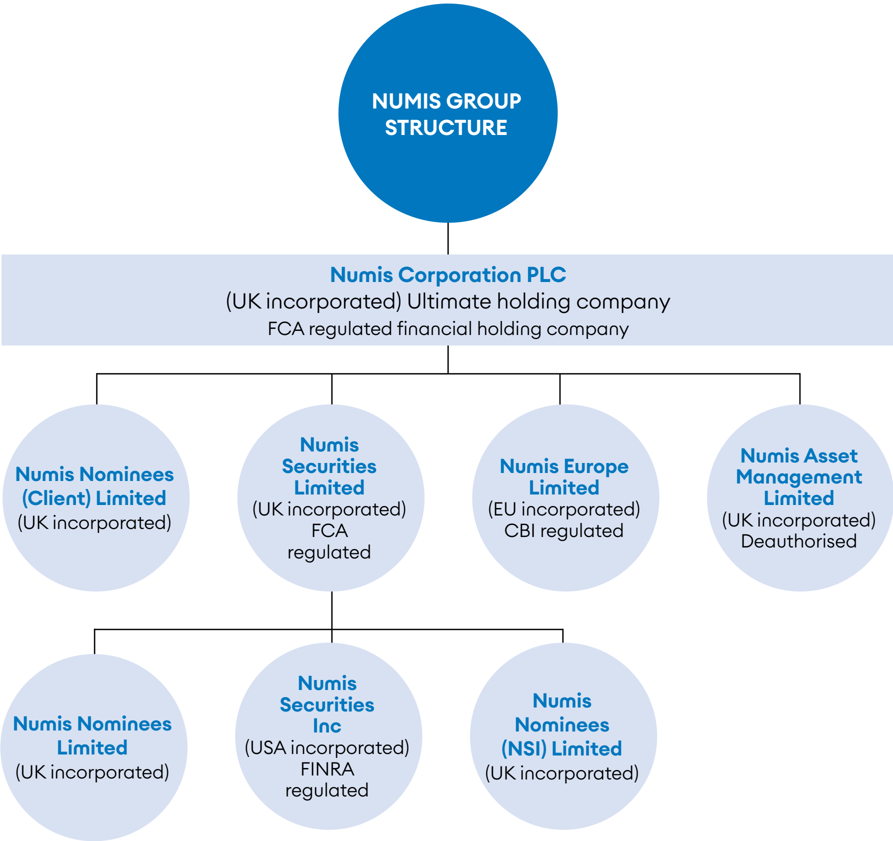
On 30 September 2022, NSL employed 315 employees.

2 Governance

2.1 Legal structure

NSL is a wholly owned subsidiary of Numis Corporation PLC ("NCP"). NCP is the ultimate holding company of the Group and has ultimate responsibility for the overall management of the Group.

The legal structure of the Group is shown below.



NCP
The ultimate holding company is NCP, which is a company incorporated in England. It has been listed since 1996 on the Alternative Investment Market ("AIM"), a market of the London Stock Exchange. NCP performs supervisory roles in respect of the wider Group through its board of directors and the various committees described in this document. Its Legal Entity Identifier ("LEI") is 213800ARWWDZZCNBHD25.

NSL
NSL is a 100% owned subsidiary of NCP. NSL is the main trading entity of the Group. Its LEI is 213800P3F4RT97WDSX47.

Numis Securities Inc ("NSI")
NSI is the Group's operating company in the USA and is a 100% owned subsidiary of NSL. NSI is a registered broker/dealer and primarily conducts a sales activity in the USA to institutional clients who invest in UK equities. It is regulated by the Financial Industry Regulatory Authority ("FINRA") as a registered broker/dealer (CRD 128471/ SEC 8-66139. Its LEI is 213800GW3YZJDBPALN37.

Numis Europe Ltd ("NEL")
NEL is 100% owned by NCP. It was established and incorporated in Ireland in 2021 as a limited liability company and received a regulatory licence from the Central Bank of Ireland on 30 Jun 2022. NEL has permission to deal on own account and undertake underwriting and as such it has a minimum initial capital requirement of EUR 750k. Its LEI is 2138009PEDF83DRV6M95.

Numis Asset Management Ltd ("NAM")
NAM is 100% owned by NCP. A decision to close the fund was made in Apr 2018 and the entity was deauthorised by the FCA.

Numis Nominees entities
The Numis Nominees entities are used to hold separately client and firm assets in custody accounts at depositaries.

2.2 Group committee structure

Numis recognises the importance of good corporate governance and intends that best practice is adopted and applied. The board of NCP applies the Corporate Governance Code for Small and Mid-Size Quoted Companies (2018), (the "QCA Code"), having considered the principles of good governance and standards of good practice in relation to board leadership and effectiveness, corporate culture based on ethical values and behaviours, remuneration, accountability, and its relations and communication with shareholders/stakeholders.

All risk management functions ultimately report to the NCP board. The NCP board's fundamental role in the management of risk is to set the tone, risk management strategy, and influence the culture of risk management within the Group to minimise harm to consumers, the financial markets, the firm and other stakeholders.

NCP has the following committees which serve the Group:

- Risk Committee – Non-Executive Directors ("NEDs")
- Audit Committee – NEDs
- Remuneration Committee – NEDs
- Nominations Committee – NCP Chairman and NEDs

Full details of the composition of Boards and committees are given on our website (www.numis.com) under the Investors/ The Board and Main Committees section.

Risk Committee
The Risk Committee comprises of the NEDs and meets at least four times each year. It is responsible for establishing the overall risk management framework, including overseeing the risk appetite and accountabilities, monitoring performance against risk appetite, and progress against internal audit recommendations or risk-related action plans.

Audit Committee
The Audit Committee comprises of the NEDs and meets at least four times each year. It is responsible for the overall financial reporting, including the full and half year results, having examined the accounting policies on which they are based and ensured compliance with relevant accounting standards. It also reviews the scope of internal and external audit, their effectiveness, independence, and objectivity, considering relevant regulatory and professional requirements.

Remuneration Committee
The Remuneration Committee is comprised of the NEDs and meets at least four times each year. It is responsible for the design and operation of remuneration policies to promote effective risk management and alignment with regulatory, legal, compliance, and conduct policies.

Nominations Committee
The Nominations Committee comprises of the NEDs and meets at least once each year. It is responsible for the recruitment process for the selection of members of the management body.

The Nominations Committee only engages executive search firms who have signed up to the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice. The committee seeks to ensure it remains an effective driver of diversity in its broadest sense, having regard to gender, ethnicity, background, skillset, and breadth of experience. We are committed to developing an environment which promotes equality of opportunity, values diversity, supports differences, and encourages input from all perspectives.

Further information on these committees is available in the Governance section of the Annual Report & Accounts which can be found on our website under the Investors/ Results Centre/Reports and presentations section.

2.3 NSL Board

The NCP board has delegated its authority to deal with the implementation of business strategy and management of day-to-day operational matters to the Co-CEOs and the subsidiary boards. The board of NSL (the "Board") is the management body that is responsible for establishing and monitoring the effectiveness of the Firm's internal governance and strategic direction. In turn, the Board has delegated certain responsibilities to senior management within the Firm. This segregation of duties to senior managers is documented under the Senior Managers and Certification Regime ("SMCR").

The NSL Board meets formally at least seven times a year. In line with all other Group entity boards and committees, the NSL Board reviews its effectiveness at least annually.

The Group is committed to undertaking its business in accordance with high ethical standards. In turn, the NSL Board oversees the annual process of mapping potential conflicts of interest. The output of this process drives how the Firm identifies and monitors conflicts of interest. The Firm has a Conflicts of Interest policy which sets out further details of the techniques it uses to identify, manage, and mitigate conflicts of interest. The policy can be viewed on our website under Legal & Regulatory/ Conflicts Policy. These factors combined provide assurance that the Firm has appropriate governance processes to ensure it a) acts in its clients' best interests and b) promotes the integrity of the wider market.

2.4 NSL committee structure

NSL has established the following risk committees, as required under MIFIDPRU 7.3.1, to ensure effective and prudent management of the Firm:

- Operational Risk Committee ("ORC")
- Financial Risk Committee ("FRC")
- Client Assets ("CASS") Committee ("CC")
- New Business Committee ("NBC")
- Transaction Review Committee ("TRC")
- Transaction Risk Committee

Operational Risk Committee
The ORC meets quarterly (or more frequently as it deems necessary) to consider and assess all significant operational risk exposures faced by NSL. The Committee's remit encompasses non-financial risks and the methodology applied to identify, measure, and report the impact of such risks. The key responsibilities of the ORC include ensuring responsibilities and accountability for controls are clear and effective and, when residual risks exceed target levels, progress on action plans is monitored.

Financial Risk Committee
The FRC meets monthly (or more frequently as it deems necessary) to discuss and manage the market, credit, capital, liquidity, and related operational risks. The key responsibilities include monitoring market risk of NSL's trading book against risk appetite, credit risk to market counterparties, the level of excess capital, and the availability of liquidity to meet business needs.

Client Assets ("CASS") Committee
The CASS Committee meets monthly (or more frequently as it deems necessary) and has oversight of all issues in relation to safeguarding client custody assets and client money.

New Business Committee ("NBC")
The NBC is responsible for oversight of all new corporate client relationships and mandates.

Transaction Review Committee ("TRC")
The TRC examines relevant transactions to ensure responsibilities and obligations are challenged and properly performed.

Transaction Risk Committee
The Transaction Risk Committee reviews relevant transactions to consider risk issues prior to launch or document publication.

2.5 Directorships

The total number of directorships that are held by each non-executive member of the overarching management body (the NCP board) ranges between one and four non-executive positions. The NCP Board is satisfied that each member of the management body is able to devote sufficient time to perform the duties relevant to their individual function within the Group, considering the nature, scale and complexity of the Group's activities along with the requirements of directorships held outside of the Numis Group of companies.

Executive members of the management body are not permitted outside non-executive positions. Consequently, excluding a. other Numis Group companies (such that relevant directorships within the Numis Group of companies count as one directorship collectively) and b. entities not undertaking predominantly commercial objectives, each executive member of the NSL Board holds just one executive position.

3 Risk management

3.1 Risk management framework and strategy

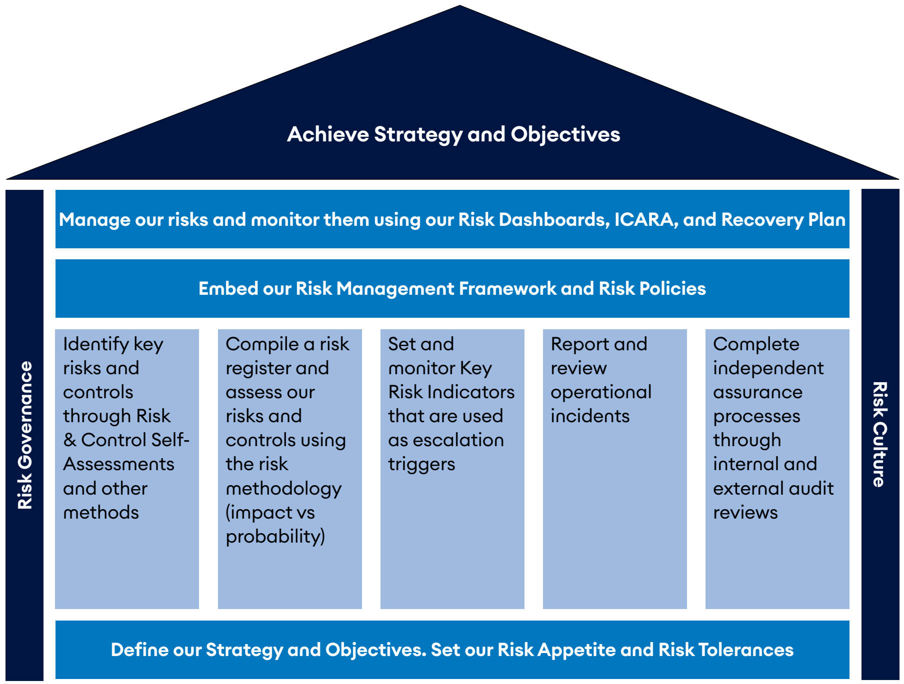
Effective risk management is key to the successful achievement of our strategic objectives. Our Risk Management Framework ("RMF") sets out our approach of strong risk governance, clear articulation of risk appetite, effective internal controls, allocation of roles and responsibilities, and the ongoing assessment of risk. The RMF ensures that risk exposures faced by NSL are understood, limited, monitored, reported, and escalated appropriately so that we can achieve our strategic goals within our risk appetite.

Our RMF is designed to enable the Firm to make informed decisions, based on information about risks. Risks are evaluated bottom-up and top down, considering information from front-line staff and managers across business lines, committees, the Board, the risk and compliance functions, and internal audit, using consistent terminology and compatible methodologies.

The processes and procedures that form the structure of the RMF are detailed below:

- Identifying and assessing the implications of risks materialising
- Compiling a complete list of all risks faced which forms a central risk register
- Setting and defining a realistic risk appetite towards those risks
- Allocating specific ownership and accountability for all the risks
- Embedding a control culture to mitigate the risks in line with the appetite
- Improving the efficiency and effectiveness of the internal controls and developing specific action plans if residual risks and controls effectiveness are below accepted tolerances
- Reviewing risk incidents, identifying weaknesses, and reducing the frequency and impact of avoidable losses
- Establishing and analysing appropriate Key Risk Indicators ("KRIs") and monitoring systems to escalate issues and emerging risks that affect the day-to-day operations
- Completing internal audits of processes and procedures to confirm that the RMF is operating effectively

The diagram illustrates how our strategy, policies and RMF fit together. Our business model and strategy present inherent risks which must be assessed so that we can set policies to control them.



Risk appetite is the amount of risk the Firm is willing to take in pursuit of its strategic objectives. The Firm sets its risk appetite across the entire population of risks by consideration of the inherent risks, the preventative and detective controls to mitigate those risks, and the assessment of whether the resulting residual risks are acceptable and meet our target level with reference to the possible harm to clients, the market, the firm itself, and other stakeholders.

The RMF supports this control process and provides a structure whereby we can identify new and manage ongoing financial and operational risks.

NSL operates a ‘three lines of defence’ risk governance model, where risk management, risk oversight, and assurance are distinct activities that are carried out by different individuals, committees, and departments for any particular risk.

- 1st Line: Risk Management – the risks to NSL are managed and owned by the business areas. The first line of defence consists of the business front line employees that understand their roles and responsibilities and carry them out correctly and completely. Notwithstanding management oversight, the effective control of risk within risk appetite depends upon all employees being conscientious and taking responsibility for their actions. The RMF requires employees to report any type of risk event, whether it results in either a financial loss, gain, or is classed as a “near miss”, in order to improve our understanding and control of risk.
- 2nd Line: Risk Oversight – the second line is the independent oversight by subject matter experts, the risk function, and the compliance function. They set and monitor policies, define work practices, and oversee the business front lines with respect to risk and compliance.
- 3rd Line: Assurance – both the first and second lines are subject to internal audit reviews. The third line of defence is internal auditors who regularly review both the business front lines and the oversight functions to ensure that they are carrying out their tasks to the required level of competency.

Each line of defence has responsibility to step in to ensure that risk management systems, processes, and controls are operating in line with the procedures, standards, and decision-making governance of the business. This approach is designed to guard against the materialisation of unwanted risks that exceed our risk appetite. The three lines of defence model enables each employee to do this in a way that is consistent with his or her specific role, responsibilities, and objectives. Management oversight and segregation of duties are fundamental to checking this first line of control.

The table below provides a summary of the activities and responsibilities of each line of defence.

The Three Lines of Defence

	1st	2nd	3rd
Activity	Risk Management	Risk Oversight	Assurance
Responsibilities	Responsible for owning risks and identifying, recording, reporting, and managing those risks. Responsible for design and performance of controls in place to mitigate those controls within agreed risk tolerances.	Overseeing Risk Policies Setting Risk Appetite and Tolerances Risk Monitoring and Reporting Control Testing Provide advice and guidance on risk	Provides independent assurance to the Board on the adequacy of the design and effectiveness of NSL’s governance, risk management, and control frameworks. Validates processes in the RMF. Provides independent assurance to the Board on the financial statements.
Responsible Personnel	Co-CEOs Senior Management All business units and control function employees	Subject matter experts, risk and compliance functions	Internal auditors
Responsible Board/ Committee	NSL Board New Business Committee Transactional Risk Committee	Operational Risk Committee Financial Risk Committee CASS Committee	NCP Audit Committee NCP Risk Committee NCP Board

3.2 Risk management objectives

An effective and strong risk culture is central to our corporate governance and to achieving our strategic objectives whilst remaining within our risk appetite.

The RMF methodology enables us to make an informed assessment of adequate finanical resources, i.e. both capital and liquid resources.

The Internal Capital Adequacy and Risk Assessment (“ICARA”), which is integrated with the RMF and approved by the Board, documents NSL management’s assessment of the risk profile of the business and the resulting capital and liquidity requirements. The ICARA sets out our on-going process for assessing our capital and liquidity resources in relation to our risk profile and ensuring that the Firm can meet the Overall Financial Adequacy Requirement (“OFAR”). Stress testing is incorporated into this process to assess the Firm’s exposure to extreme events and to ensure that appropriate management actions and mitigating plans are in place.

Own Funds (Capital) Risk
Capital risk is the risk that there are insufficient Own Funds to support our business activities and to meet our regulatory capital requirements. It could principally arise from either reductions in capital resources caused by, for example, operating losses, or increases in capital requirements caused by, for example, larger trading book positions. The Firm monitors its capital and seeks to maintain a healthy capital excess by analysis of the impact of various stress tests to determine how capital could be impacted under a range of different scenarios.

Liquidity Risk
Liquidity risk is the risk that funds are either not available to meet day-to-day funding requirements or are only available at a high cost or need to be arranged at a time when market conditions are unfavourable and consequently the terms are onerous. Liquidity is of vital importance to the Firm to enable it to continue operating in even the most adverse circumstances. The Firm assesses its liquidity position daily and computes the impact of various stress tests to determine how liquidity could be impacted under a range of different scenarios. The Group currently maintains sufficient excess liquidity so that it can be confident of being able to settle its liabilities and continue operations even in the most difficult foreseeable circumstances. In the event of a wind-down, the Firm would ensure that it has sufficient liquidity to ensure the process is orderly and minimises harm to clients, the market, and other stakeholders.

Concentration Risk
The Firm assesses and monitors its exposure to sectoral, geographic, liability and asset concentrations and assesses whether additional capital should be held against these risks. The Firm carries out a daily IFPR prudential K-factor Concentration risk calculation (K-CON). The Board considers that its cash deposit exposures to credit institutions represents its highest and most significant concentration risk. The Firm does not have significant concentration risks in terms of sectorial, geographic, or other concentrations.

4 Own Funds and requirements

4.1 Composition of regulatory Own Funds

NSL's capital resources are comprised only of Common Equity Tier 1 ("CET1") capital. NSL's CET1 includes ordinary share capital and retained earnings less declared dividends, intangible assets, investments in financial sector entities (including its subsidiary NSI) and deferred tax assets. The annual external financial audit for the year ended 30 Sep 2022 was completed by PwC in Dec 2022. The regulatory capital resources calculation is shown in the table below.

Table OF1 – Composition of Regulatory Own Funds

Composition of Regulatory own funds

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance in the audited financial statements
1	**OWN FUNDS**	131,243	
2	**TIER 1 CAPITAL**	131,243	
3	**COMMON EQUITY TIER 1 CAPITAL**	131,243	
4	Fully paid up capital instruments	2,000	Note 23
5	Share premium		
6	Retained earnings	142,870	Statement of changes in equity
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters	(13,627)	Note 12,14,15,17
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 adjustment		

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

The table below shows a reconciliation of regulatory Own Funds to the balance sheet in the 30 September 2022 audited financial statements of the Firm.

Table OF2 – Reconciliation of Own Funds to balance sheet in the audited financial statement

		Balance sheet as in published/ audited financial statements	Under regulatory scope of consolidation	Cross reference to template OF1
		As at 30 Sep 2022 £'000	As at 30 Sep 2022 £'000	
1	Property plant and equipment	9,158		
2	Intangible assets	275	274	Item 9
3	Right-of-use assets	32,792		
4	Investment in subsidiaries	923	923	Item 9
5	Deferred tax asset	998	998	Item 9
6	Trade and other receivables	424,754		
7	Trading investments	36,071	11,432	Item 9
8	Stock borrowing collateral	20,354		
9	Current Income tax receivable	10,630		
10	Derivative financial instruments	22		
11	Cash and cash equivalents	95,016		
12	**Total Assets**	630,993		
	Liabilities			
1	Trade and other payables	431,190		
2	Trading instruments	10,340		
3	Lease liabilities < 1 year	0		
4	Lease liabilities > 1 year	38,592		
5	Total Liabilities	486,123		
	Shareholders' equity			
1	Share capital	2,000	2,000	Item 4
2	Retained earnings	142,870	142,870	Item 6
3	**Total Shareholders' equity**	144,870	(13,627)	Item 9

4.3 Main features of own instruments issued by the Firm

Instrument type	Ordinary shares
Issuer	Numis Securities Ltd
Governing laws of the instrument	England & Wales
Regulatory classification	CET1
Amount recognised in annual financial statements	2,000,000
Nominal amount of instrument	2,000,000
Issue price	£1
Accounting classification	Shareholders' Equity

4.4 Own Funds Requirements

K-Factor Requirement and Fixed Overheads Requirement

	Item	Amount £'000
K-Factor	SUM of K-AUM, K-CMH and K-ASA	1,658
	SUM of K-COH and K-DTF	330
	SUM of K-NPR, K-CMG, K-TCD and K-CON	9,222
Fixed overheads requirement (FOR)		18,469

4.5 Summary of approach to assess adequacy of Own Funds

NSL assesses the adequacy of its Own Funds and liquidity to comply with the OFAR. Our approach is set out in our ICARA process. This process has been embedded within NSL's governance and has been approved by the Board. Ongoing monitoring of risk levels, risk appetite, stress test results and relevant indicators is performed throughout the year to ensure that the Firm continues to meet the OFAR.

The ICARA document (i) sets out our business model and strategy, (ii) shows how we identify vulnerabilities and manage them with appropriate systems and controls to reduce potential material harms, (iii) assesses the level of capital and liquidity required to meet the residual risks, and (iv) analyses how our capital and liquidity levels would be affected under stressed scenarios to ensure our financial resources are adequate for ongoing activities or to enable an orderly wind-down. In addition, we map out the process and cost of winding down our business in the least disruptive manner to our clients and the market, without threatening the integrity of the wider UK financial system.

If our risk assessment changes, then the ICARA will be updated and any reports and/or capital forecasts revised. NSL's initial ICARA document was completed using 31 March 2022 figures. Future updates will be based on 30 September annual audited financial year-end figures. If risks, risk assessments and/or assumptions significantly change, then the ICARA will be updated and any reports and/or capital forecasts revised in advance of the next scheduled annual review.

5 Remuneration

In this transition year to IFPR, the following disclosures are made in accordance with Article 450 of the Capital Requirements Regulation, SYSC19A Remuneration Code of the FCA's handbook for banks, building societies and investment firms and taking into account the FCA's General Guidance on Proportionality: The Remuneration Code (SYSC 19A).

The requirements recognise that not all Remuneration Code principles apply to firms equally. The concept of proportionality exists in order to take account of a firm's individual size, internal organisation and the nature, scope and complexity of its activities. Currently there is a 3-tier level of proportionality defined by the FCA which sets out their expectations on the level of application of the Remuneration Code requirements.

Under this guidance, the Group falls into the definition of the lowest tier, namely proportionality tier 3. The following disclosures reflect the requirements for such tier 3 firms.

5.1 Qualitative Disclosure

Role of the Remuneration Committee
The NCP Board delegates responsibility for the firm's remuneration policy to an independent NCP Remuneration Committee. The Remuneration Committee is responsible for determining the firm's policy on remuneration. The over-arching objectives of the policy are:

- To ensure that rewards and incentives are aligned with the interests of shareholders, in order to optimise the long term performance of the Group within acceptable risk parameters and regulatory frameworks.
- To provide the level of remuneration required to attract, retain and motivate employees of an appropriate calibre.

Fixed and variable compensation is reviewed annually and is determined by the performance and conduct of the individual in addition to comparisons with peer group companies within the industry. The experience of the individual and level of responsibility are also taken into consideration. Total remuneration is determined in light of personal performance and the economic performance of the Group as a whole.

The core component parts of employees' remuneration comprises of both fixed and variable elements as set out below:

- Basic salary (fixed).
- Variable performance related remuneration comprising:
  - Cash bonus (variable).
  - Additional Equity Award (delivered in RSUs typically over years 1, 2 and 3).
- Pension (fixed as a direct percentage of basic salary and paid into the Group Personal Pension Plan)
  - For higher earners, a payment in lieu option into a Fund and Share account can be requested following due process (detailed separately on the Benefits website).

Other fringe benefits fall outside of the Remuneration Committee's terms of reference.

The overall compensation mix varies from year to year but is based on cash available for distribution, the competitive environment and the capital position of the Group and is always subject to the approval of the Remuneration Committee.

Composition of the Remuneration Committee

- The chairperson and members of the Remuneration Committee is comprised of four independent NEDs of NCP who do not perform any executive function within NSL. The Remuneration Committee is responsible for the approval of awards to individuals who fulfil risk and control roles (Code Staff) within the firm. The Remuneration Committee met four times during the year ended 30 September 2022 in addition to documented discussions via telephone, particularly throughout the period in which year-end remuneration processes were undertaken.

Decision-making process for determining Remuneration Policy
Numis' remuneration policy is designed to promote sound and effective risk management by setting out clear and explicit guidelines, together with consequences for breaches of internal standards of behaviour and legal or other regulatory requirements. The Group has, and will continue to make use of, available sanctions which range from disciplinary action (up to and including dismissal) to financial penalties for such breaches.

Responsibility for the regular review and updating of the Remuneration Policy lies with the Head of Human Resources and is subject to independent review and approval by the Remuneration Committee. This is carried out at least annually and takes into account best practice standards and UK, and where relevant non-UK, regulation and legislation covering:

- Applicable employment and equality law.
- FCA Codes of Practice.
- Tax legislation.
- Pensions legislation.

In carrying out its delegated responsibilities, the Remuneration Committee receives advice on remuneration, tax, accounting and regulatory issues from external advisors and internally from both the Human Resources, Risk, Compliance and Finance functions. In addition, other relevant persons who may advise the committee include the Co-Chief Executive Officers, the Chief Financial Officer, the Chairperson of the NCP Board and other executive directors of the NCP Board as deemed appropriate. The Remuneration Committee is responsible for setting the remuneration policy for executive directors and other senior executives in the business and no employee is permitted to participate in the discussions or decisions of the Committee in relation to his or her own remuneration.

Link between pay and performance
The Remuneration Committee believes strongly that total remuneration should take into account the competition for talent in an industry where successful people are rewarded and mobile. The Group compensates employees through both fixed and variable compensation. Fixed compensation comprises mostly base salaries and the Remuneration Committee reviews these as part of their overall annual review taking into account the performance of the individual, comparisons with peer group companies within the industry, the experience of the individual, and his or her level of responsibility.

The policy for variable compensation is to recognise corporate performance, team/department performance, individual achievement of objectives and individual conduct and adherence to corporate values via means of a discretionary bonus scheme. The discretionary bonus pool is established by the Remuneration Committee each financial year with reference to the financial results of the firm, the firm's capital base and business outlook.

Discretionary bonus awards can be delivered in two main forms: a cash bonus delivered up-front which is subject to claw back under certain conditions and/or a deferred bonus delivered in shares. The executive directors and other senior executives assess individual performance through clearly defined objectives and behaviours as part of a structured process of review and feedback.

In particular, the overall (fixed and variable) remuneration by individual is determined with regard to the performance and conduct of the individual, performance of the area or function of the business in which the individual works or for which the individual is responsible, the profitability of the Group and levels of reward for comparable roles in the external market.

The performance management process links an individual's contribution to the firm, its growth, current success, and risk profile to compensation and assists in the reinforcement of performance, conduct and risk management.

The Remuneration Committee may exercise its discretion to adjust the proposed bonus pool having considered the size of the pool against the overall performance of the business and, in particular, the compensation ratio. This can include reducing variable compensation to nil where members feel it prudent and justified to do so.

Behaviour which falls short of the expected standard in any way, compromises the reputation of, or causes material financial harm to the Group or its business activities is taken into consideration when determining discretionary bonus awards. Breaches in relation to these policies are communicated to HR and similarly taken into consideration when determining discretionary bonus awards.

The Group's policy is to apply a claw back in relation to material wrongdoing to all employees in receipt of a cash bonus. The claw back is applied for a period of 3 years and becomes effective on the day the employee receives the cash bonus payment.

Identification of Code Staff
Careful consideration is taken to identify individuals whose professional activities have a material impact on the firm's risk profile. In addition, the Group identifies individuals as Code Staff having regard both to individual regulatory status and seniority of position. All department heads are designated as Code Staff whether or not they hold approved persons status. It should be noted that whilst Numis has identified Code Staff, the principles of its remuneration policy apply on a group wide basis.

The assessment of Code Staff includes any employee who is deemed to have a material impact on the firm's risk profile in accordance with Regulation (EU) 604/2014 of 4 March 2014 (Regulatory technical standards to identify staff who are material risk takers).

The list of Code Staff has been subject to annual review and approval by the Remuneration Committee as part of its annual review of the remuneration policy. During the course of any financial year, consideration of new joiners is driven by the Human Resources function with subsequent review and approval by the Remuneration Committee.

The current reporting framework is being replaced and future remuneration disclosures will be based on the requirements of MIFIDPRU as set out within the FCA Handbook.

5.2 Quantitative Disclosure

Aggregate Fixed and Variable Remuneration
The Group is disclosing aggregate quantitative remuneration for its Code Staff for the year ending 30 September 2022 split between fixed and variable compensation paid or payable to Senior Management Code Staff and Other Code Staff in respect of services provided while acting as Senior Management Code Staff or Other Code Staff. The Group operates an integrated investment banking business and, although there are different revenue types, there are no distinguishable business areas other than the provision of this service.

Remuneration for financial year ended 30 September 2022

	Senior Management	Other Code Staff	Total
	£000	£000	£000
Fixed compensation	3,184	3,527	6,711
Variable compensation	4,805	4,130	8,935
Total compensation	**7,989**	**7,657**	**15,646**
Average number of Code Staff	15	20	35
Non-cash variable compensation awarded in shares (£'000)	549	1,355	1,904

Fixed compensation includes base salary and benefits, and, in the case of NCP NEDs, any base fee paid by the Group in respect of services provided during the year.

Variable compensation comprises cash bonuses awarded in respect of performance during the year and the grant date fair value of all share awards granted together with the grant date fair value of any other discretionary awards granted in respect of the financial year irrespective of deferral periods or service conditions attaching to them.

Aggregate Fixed and Variable Remuneration

The following table sets out the movement in the fair value of outstanding deferred remuneration during the year ended 30 September 2022 in respect of Code Staff. Grant date fair values have been used throughout the table.

	Outstanding deferred remuneration 1 Oct 2021	Awarded during the year	Paid out during the year	Other*	Outstanding deferred remuneration 30 Sep 2022
	£'000	£'000	£'000	£'000	£'000
Senior Management	3,425	2,083	(786)	(69)	4,653
Other Code Staff	5,439	1,351	(1,249)	(1,614)	3,927
Total	8,864	3,434	(2,035)	(1,683)	8,580

*Other - net of amounts forfeited and Code staff changes during the year

Aggregate Sign-On and Severance Payments

During the year ended 30 September 2022, there were two sign on cash payments for the sum of £283,750 and payments in the form of RSUs for a sum of £190,000 made to two Code Staff employee and one payment of £30,000 in respect of severance.

Banding Disclosure

The number of Code Staff whose total remuneration exceeded EUR 1m for the year ended 30 September 2022 is shown in the table below:

	Senior Number	Other Number
EUR 1m to EUR 1.5m	-	-
EUR 1.5m to EUR 2.0m	1	-
EUR 2.0m to EUR 2.5m	1	-
EUR 2.5m to EUR 3.0m	-	-
EUR 3.0m to EUR 3.5m	-	-
EUR 3.5m to EUR 4.0m	-	-
EUR 4.0m to EUR 4.5m	-	-
EUR 4.5m to EUR 5m	-	-
EUR 5m to EUR 5.5m	-	-
Total	**2**	**0**