IFPR DISCLOSURE

FOR THE YEAR END 30 APRIL 2022

SECCL CUSTODY LIMITED

Contents

Overview

Background

The Investment Firms Prudential Regime (IFPR) is the FCA's new prudential regime for MIFID investment firms which aims to streamline and simplify the prudential requirements for UK investment firms. IFPR came into effect on 1st January 2022, and its provisions apply to Seccl Custody Limited (SCL or the Firm) as an FCA authorised and regulated firm.

The public disclosure requirements of IFPR are set out in MIFIDPRU 8, replacing the previous Pillar 3 requirements of BIPRU 11.

For the 2022 financial year, SCL (a non SNI[1]) has adopted the FCA's transitional provisions for disclosure requirements contained within MIFIDPRU TP12, which only requires disclosure of Governance arrangements (MIFIDPRU 8.3), own funds ((MIFIDPRU 8.4), and own funds requirements (MIFIDPRU 8.5) – refer below for further details:

- Governance arrangements: non-SNI firms are required to disclose certain information including:
    - An overview of the firm's governance arrangements and risk committee.
    - The number of directorships held by each member of the governing body (this only applies to directorships of commercial enterprises, charities and directorships of other group entities are excluded).
    - A summary of the firm's policy on promoting diversity on the governing body.
    - Whether the firm has established a risk committee

- Own funds: firms must provide details of own funds (using the template provided in MIFIDPRU 8 Annex 1R), and a reconciliation of the same information in the firm's report and accounts (where available).

- Own funds requirements: firms must disclose details of their own funds requirements including the fixed overhead requirement (FOR) and a breakdown of their K-factor requirements (non-SNI only). All firms are also required to disclose their approach to assessing their compliance with the overall financial adequacy rule (MIFIDPRU 7.4.7R).

Additionally, the Firm has included disclosures on remuneration policy and practices in accordance with TP12.8R (in line with the old BIPRU11 rules).

The Firm is not required to make the full disclosures specified under MIFIDPRU until the end of a full performance year since it went live in January 2022, which for SCL will be as at 30th April 2023.

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[1]SCL is confirmed as a non SNI MIFIDPRU investment firm after an assessment of the Basic conditions for classification as an SNI MIFIDPRU investment firm listed under MIFIDPRU 1.2.1

Governance Arrangements (MIFIDPRU 8.3)

Overview of Governance Arrangements

The management body of SCL (the Board) has ultimate responsibility for the overall management of the Firm.

The Board is responsible for establishing and monitoring the effectiveness of the Firm's corporate governance framework, and approving the Firm's policies, strategic direction, and risk appetite.

The Board has a duty to act in accordance with its powers and the directors must:

- Act in accordance with the company's constitution, and
- Only exercise powers for the purposes for which they are conferred.

To meet its responsibilities, the Board has delegated the day-to-day running of the Firm to the CEO and the senior management team through the following committees:

- SCL Risk Committee
- Group Executive Committee
- SCL CASS Committee
- SCL Operations Committee

Additional oversight is provided by the Octopus Group Executive Committee

Conflicts of Interest

Information for dealing with conflicts of interest is set out in the Conflicts of Interest Policy document which is approved by the Board. The policy sets out how the Firm seeks to prevent and deal with conflicts of interest if they arise.

Directors are required to disclose any business interests that may result in actual or potential conflicts of interest with those of SCL. If a conflict or potential conflict situation arises, the directors must seek authorisation from the Board.

Board of SCL

SCL has an established Board that meet on a quarterly basis that consists of:

- Ruth Handcock – Chair
- Hugo Thorman
- David Ferguson
- David Harvey
- Jack Cullis

SCL Risk Committee

SCL is not required to establish a risk committee under MIFIDPRU 7.3 as it meets the conditions set out under MIFIDPRU 7.1.4R, however the Firm has chosen to establish one regardless.

SCL holds at least quarterly Risk Committee meetings. The role and scope of the Risk Committee is decided by the Board of Directors and defined in a documented Terms of Reference. The Risk Committee has delegated responsibility from the Board and assists the Board in fulfilling its oversight responsibilities.

Its primary role is to discuss and oversee risk matters as well as monitor compliance with the regulations, system of controls and risk management. Attendees to the quarterly SCL Risk Committee will vary based upon the agenda and risks that need discussing, during the reporting period and up to the point of drafting attendees included the following

- David Ferguson – CEO
- David Harvey – Founder (previous Co Head)
- Sam Handfield-Jones – ex Co-Head
- Thomasina McGuigan - ex Head of Compliance, to be replaced by CRO
- Jack Cullis – Head of Finance
- Farzana Khalil – Chief Customer Officer
- Rebecca Harvey – ex Head of People
- Kirsty Lynagh – Chief People Officer
- John Wall – Head of Product
- Chris Smeaton – Head of Propositions
- Ty Conybear – ex Head of Operations
- Andy Lock – Head of Information Security
- Stu Sheppard – Head of Content

SCL Operations and CASS Committees (OpCo/CASSCo)

During the reporting period, the SCL Board delegated the authority for the day to day running of the SCL Operations and CASS functions to the SCL OpCo and CASSCo. The responsibilities of these groups include, amongst others, the implementation and monitoring of effective Operational and CASS controls and policies, approval of new or changed policies or procedures and regular review of performance, breaches and other business MI. Issues arising out of the OpCO and CASSCo will be reported up to the SCL Board where appropriate.

OpCo and CASSCo attendees will vary depending on the nature of the topics under discussion, during the reporting period and up to the point of drafting attendees included the following:

- David Ferguson – CEO
- Thomasina McGuigan – ex Head of Compliance, to be replaced by CRO
- David Harvey – Founder (previous Co Head)
- Sam Handfield-Jones – ex Co-Head
- Derek Walker – Head of CASS
- Jack Cullis – Head of Finance
- Farzana Khalil – Chief Customer Officer

- Chris Smeaton – Head of Propositions
- Ty Conybear – Head of Operations
- Joe Lewis – Operations Delivery Manager
- JJ Whalley – Product Lead
- John Walls – Head of Product
- Andy Lock – Head of Information Security

Group Executive Committee

SCL is a member of the Octopus Group of companies, at an Octopus Group level a Group Executive Committee has been established. The composition of this Committee includes both members of the Board and CEOs from the Business Units.

The members of the Group Executive Committee for the period were as follows:

- Simon Rogerson (OC Chief Executive)
- Chris Hulatt (Founder)
- Benjamin Davies (CEO of Octopus Real Estate)
- Alliott Cole (co CEO of Octopus Ventures)
- Emma Davies (co CEO of Octopus Ventures)
- Jonathan Digges (Chief Investment Officer)
- Ruth Handcock (OI CEO)
- Anna Philbrick (Head of People)
- Jonathan Dees (COO)

Simon Rogerson is the Chairman of the Committee. Additional individuals are invited to attend meetings of the Committee at the discretion of the Chairman to address planned agenda items pertaining to their particular areas of expertise.

The purpose of this Group Executive Committee is to review ongoing matters that arise from day to day, and reports and presentations across a range of topics from the business as determined appropriate by the Committee.

SCL Future Governance Structure

Following the reporting period, SCL completed a review of its internal governance structure to ensure it remained suitable for the projected levels of growth anticipated over the next 12-24 months. A revised governance structure has been agreed upon and implemented.

Directorships

The following directors have held office in executive and non-executive functions throughout the financial year ending 30th April 2022:

Name	Group Directorship	Other Directorship in scope of MIFIDPRU 8.3.1R(2)
Ruth Handcock	15	3
Hugo Thorman	5	1
David Ferguson	5	0
David Harvey	5	0
Jack Cullis	1	0

Diversity

As part of the Octopus Group of companies, the Firm is committed to providing a workplace that seeks and respects diversity and inclusion at every level of the business including the executive and non-executing board members. We believe that anyone who joins the business should benefit from the opportunity to develop, progress, and succeed within the company. We are at the start of this journey and recognise that recruiting and retaining a truly diverse and inclusive workforce requires long term commitment from across the business.

Own Funds (MIFIDPRU 8.4)

Composition of Regulatory Own Funds

The Firm's own funds are exclusively CET1 capital. As at 30 April 2022 and during the year, the Firm complied with all externally imposed capital requirements in accordance with the rules set out in CRR (up until 31st December 2021) and IFPR (from 1st January 2022). Tier 1 capital consisted of fully issued ordinary shares, satisfying all the criteria for a Tier 1 instrument as outlined in the CRR, IFRP and audited reserves.

Table OF1: Composition of regulatory own funds

	Item	Amount (GBP Thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**1,327**	
2	**TIER 1 CAPITAL**	**1,327**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**1,327**	
4	Fully paid-up capital instruments	3,300	Note 10
5	Share premium		
6	Retained earnings	(1,802)	Statement of Changes in Equity
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	171	Note 6, 18
19	CET1: Other capital elements, deductions, and adjustments		
20	**ADDITIONAL TIER 1 CAPITAL**	0	
21	Fully paid-up 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 capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions, and adjustments		

Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

The table below shows a reconciliation with own funds in the balance sheet where assets and liabilities have been broken down by asset and liabilities classes respectively. The information in the table below reflects the balance sheet in the audited financial statements as at 30th April 2022.

Table OF2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Amount (GBP thousands)	Balance sheet as in audited financial statements As at period end	Under regulatory scope of consolidation As at period end	Cross-reference to template OF1
Assets				
1	Tangible fixed assets	0		
2	Intangible fixed assets	0		
3	Debtors – within one year	794		
4	Debtors – due after one year	0		
5	Financial assets	0		
6	Cash at bank and in hand	1,144		
7	**Total Assets**	**1,938**		
Liabilities				
1	Creditors – due within one year	440		
2	Creditors – due more than one year	0		
3	Provisions	0		

4	**Total Liabilities**	**440**	
Shareholders' Equity			
1	Called up share capital	3,300	Item 4
2	Other reserves	0	
3	Retained earnings	(1,802)	Item 6
4	**Total Shareholders' Equity**	**1,498**	Item 1, 11

Main Features of Own Instruments Issued by the Firm

The table below provides information on the ET 1, AT1 and Tier 2 instruments issued by the Firm. There were no changes since last financial year. Only CET1 was held.

Issuer	**Seccl Custody Limited**
Governing law of the instrument	UK
Regulatory treatment	
Regulatory classification	Common Equity Tier 1
Instrument type	Ordinary Shares
Amount recognised in Audited Financial Statements	GBP 3.3m
Nominal amount of instrument	GBP 3.3m
Issue price	GBP 1

Rights of redemption	None
Accounting classification	Shareholders' Equity
Dividends	
Full discretionary, partially discretional or mandatory (in terms of timing)	Fully discretionary
Full discretionary, partially discretional or mandatory (in terms of amount*)*	Fully discretionary

Own Funds Requirements (MIFIDPRU 8.5)

K-Factor Requirement and Fixed Overheads Requirement

The table below shows the K-factor requirement ("KFR"), broken down into three groupings and the total amount of fixed overheads requirement ("FOR").

Item – Amount (GBP thousands)

K-Factor	∑ K-AUM, K-CMH and K-ASA	253
	∑ K-DTF and K-COH	2
	∑ K-NPR, K-CMG, K-TCD and K-CON	0
Fixed Overheads Requirement ("FOR")		570

Approach to assessing the adequacy of own funds

ICARA Process

The internal capital adequacy and risk assessment process (the "ICARA process") is the core risk management process for FCA investment firms. The ICARA process is a continuous assessment of the harm a firm may pose to clients and markets as part of its ongoing business and during wind-down.

SCL will review the adequacy of the ICARA process at least once every 12 months and following any material change in the Firm's business or operating model.

The ICARA process document and associated external disclosures have been reviewed in detail by senior management and therefore has had senior management input throughout the document's development.

The ICARA process has been developed from a risk review of SCL and its annual budget exercise. It is therefore already integrated into the Firm's procedures and has been approved by the Board.

To ensure SCL meets its ongoing capital needs and liquidity requirements, these will be reviewed each month in the management accounts which are distributed to the Management Committees and the Board.

On this basis the Board are satisfied that the Firm has sufficient own funds and liquid assets to meet its Overall Financial Adequacy Rule (OFAR) both as to amount and quality to ensure that:

a) it is able to remain financially viable throughout the economic cycle, with the ability to address material potential harm that may result from its ongoing activities; and
b) its business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Remuneration

Remuneration Policy

The aim of this policy is to ensure that remuneration arrangements at the Firm reward employees appropriately, but also promote sound and effective risk management. In particular, the remuneration arrangements at the Firm aim to avoid excessive risk-taking, (either on behalf of the Octopus, or on behalf of any funds/portfolios it manages for customers). It is also designed to ensure that, when taking decisions about remuneration, the impact of reward arrangements on SCL's long-term sustainability are considered.

This policy applies to all legal entities of Octopus Capital Ltd's UK Consolidation Group including SCL and its immediate parent entity, Seccl Technology Limited.

Approach to Remuneration

The Group remuneration approach, aimed at ensuring the competitiveness and the effectiveness of its policies, is based on the following key principles:

1. that remuneration structures drive ethical behaviour of employees.
2. there is clear governance around remuneration decisions.
3. remuneration programmes should drive both business results and desired behaviours which, overall, aim to align the interests of individual employees with the long-term interests of Octopus and its customers.

4. the remuneration structure must avoid incentives that would encourage employees to take unnecessary and/or excessive risks.
5. sustainability of Octopus' business and alignment of remuneration with corporate results and individual performance.
6. to retain and develop key talent at all levels of the organisation.

Governance Arrangement for Remuneration

SCL, and its immediate parent entity Seccl Technology Limited (together, the Business), have a Remuneration Committee which:

- approves the Remuneration Policy and the arrangements of any individual incentive or reward schemes, to ensure that the remuneration arrangements the firm has in place adhere to the principles outlined in this Policy.
- ensures that the policy is effectively implemented.
- receives input from the firm's Risk and Compliance teams, with respect to the setting of individual remuneration awards where they have concerns about the behaviour of the individuals concerned or the riskiness of the business undertaken.
- ensures that the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components:
  - includes adjustments for all types of current and future risks and considers the cost and quantity of the capital and the liquidity required by the Firm; and
  - takes into account the need for consistency with the timing and likelihood of the Firm receiving potential future revenues incorporated into current earnings; and
  - ensures that the allocation of variable remuneration components also reflects all types of current and future risks to the Firm.
- is responsible for ensuring that remuneration policies and practices are designed in such a way so as not to create a conflict of interest or incentive that may lead employees to favour their own interests or those of the Firm to the potential detriment of any client.

Material Risk Takers (MRTs)

In accordance with the FCA rules, the Firm is required to identify the categories of staff whose professional activities are deemed to have a material impact on the risk profile of the Firm. These are referred to as 'Material Risk Takers', and the firm ensures that it applies all of the necessary remuneration requirements to these staff, taking into account the size and complexity of SCL's business, and how it is organised internally.

'Material Risk Takers' are identified in line with the criteria included within relevant guidance, but broadly, they include SCL's Senior Management, and those individuals whose role means they can expose the Firm, or the assets it administers for clients, to material risk.

Compensation Arrangement

The Business aims to deliver total remuneration (which may be a combination of fixed and variable compensation) at a level that is aligned to the market for each individual role, whilst also rewarding the overall performance of the Business and the individual's performance.

Remuneration at the Business can be made up of a combination of two broad components:

- basic fixed remuneration (e.g. salary plus any allowances) in line with the employee's professional experience and role within the Company.
- variable remuneration (e.g. corporate bonus, long term incentive plans, performance fees) that reflects performance - which may be subject to performance adjustment.

Any variable remuneration, including any deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Business as a whole, and is based on the performance of the Business, the business unit and the individual concerned.

Variable Remuneration

The Business currently operates a Corporate Bonus Scheme which may lead to individuals being awarded a discretionary cash bonus. The award that an individual receives varies on an annual basis and is dependent on Business and individual performance (and market norms) for the role they perform. Individual performance is rewarded across both behavioural and competency-based measures, including consideration of whether the individual consistently displays appropriate risk and compliance behaviours. All permanent employees are eligible to participate in the Corporate Bonus Scheme.

In addition to the Corporate Bonus Scheme, the Octopus Group also operates other variable incentive schemes for certain individuals:

- Fund Performance Incentive Schemes, such as 'carried interest' arrangements, which are designed to align the interests of senior employees with the performance of the funds they manage, thereby aligning their interests with Octopus' customers. Only employees who impact the performance of the funds covered by the scheme are eligible to participate in these arrangements.
- a 'growth share' scheme, providing significant tax-efficient incentivisation for certain senior employees, linked to the growth in value of the company. The proceeds of the Growth share scheme are dependent on company valuation growth, and a portion is also linked to the Shareholder's individual performance.
- Fund Performance Incentive Schemes, designed to reward employees in line with fund performance.
- Long Term Incentive Plan (LTIPs), designed to reward high-performing senior leaders in a way that align the interests of senior employees with the long-term performance of the Company (or of a business unit within the Company).

Deferral Arrangements

Deferral arrangements may apply to individual’s incentive compensation, resulting in a smaller portion of the award being deferred for a period of at least 12 months.

To support Octopus’ risk management objectives, Octopus reserves the right to clawback all or a portion of any incentive subject to deferral and not yet vested, in the circumstances where this is required by FCA regulations, or because of Octopus identifying risk or compliance issues.

Clawback Arrangements

Performance adjustment is in place for all MRTs within SCL. A 3-year clawback period exists from the date the award is made and may be used in the following situations:

1. The MRT, participated in, or was responsible for, conduct which resulted in significant losses to the firm.
2. The MRT failed to meet appropriate standards of fitness and propriety.
3. The firm or the relevant business unit suffers material failure of risk management, resulting in FCA censure and/or penalties.

Aggregate remuneration for Code Staff

SCL is required to disclose the aggregate remuneration of Code Staff. For the year ending 30 April 2022 the annual remuneration was £0.97m. This is comprised of fixed pay, variable pay, non-contributory pension, and benefits in kind in accordance with the rules and represents the total paid by SCL’s parent entity, Seccl Technology Limited. SCL considers that it does not operate with distinct business areas given its position as a UK focused business and therefore the aggregate information on remuneration is disclosed. Due to the limited number of Code Staff, the firm considers it appropriate to disclose aggregate remuneration across all Code Staff so as not to prejudice individuals with regard to disclosure of personal information.