# MIFIDPRU Disclosure

## Arjun Infrastructure Partners Limited

For the Financial Year Ended 30 June 2022

# Introduction

This disclosure is in relation to Arjun Infrastructure Partners Limited (Arjun, the "Firm" or "we"). The Firm is a private, UK incorporated company, authorised and regulated by the Financial Conduct Authority (FCA) with registration number 791899. The Firm is currently conducting designated investment business, which includes arranging deals in investments, investment advice and discretionary investment management services to individual clients. The Firm also has a permission to manage Alternative Investment Funds ("AIFs").

The Firm is required to comply with the disclosure requirements under the Investment Firms Prudential Regime ("IFPR"), which is set out in the FCA Handbook MIFIDPRU 8. This supersedes the requirements for the previous Pillar 3 disclosure. For the purpose of prudential regulations, the Firm is classified as a non-SNI (small and non-interconnected) firm and is subject to the standard requirements. We consider the level of detail in the disclosure to be appropriate to our size and internal organisation, and to the nature, scope, and complexity of the Firm's activities.

The disclosure has been subject to internal review by the Firm's Compliance Officer, considering the regulatory requirements of MIFIDPRU 8 and has been formally approved by the Risk Management & Compliance Committee and the Firm's Management Committee.

# Governance Framework

The Firm's board members constitute the Firm's governing body, whose role in addition to the standard statutory responsibilities of a Limited company Board, includes to discuss and agree the strategic direction of the Firm and ensure effective resourcing, governance and oversight of the Firm's operations, including compliance with the regulatory system.

The Board is composed of four members. The number of directorships held by each member of the Board as at 30th June 2022 was as follows:

| Name | Number of other external Directorship Positions Held |
|---|---|
| Peter Antolik | 0 |
| Francois Bornens | 1 |
| Charles Hazelwood | 0 |
| Surinder Toor | 0 |

The Board meets quarterly and receives reports on investment, operations, financial, risk, legal and compliance matters. Day to day decision making is delegated to relevant Committees of the Board and senior Arjun officers or employees.

The Firm is not subject to the requirements under MIFIDPRU 7.3.1 to establish a risk committee.

The Firm is committed to building and maintaining a diverse and inclusive team. The Firm continues to monitor ways of promoting an inclusive workplace, and ensure that there is equality of opportunity for all.

# Remuneration Code Disclosure

BIPRU 11.5.18R requires that the Firm makes a disclosure of details regarding its remuneration policy.

Given the relatively small size of the Firm, remuneration policy for all staff is set by the board. The Management Committee review remuneration for staff based upon individual, both financial and non-financial criteria, and overall firm performance. Individual performance is also reviewed over an extended period to ensure the long-term objectives of the staff and the Firm is not in conflict. The overall level of remuneration is set in the form of a base salary and a bonus. The resources available for bonuses are directly linked to the performance of the Firm.

The Firm is authorized and regulated by the Financial Conduct Authority as an CPMI firm and so, it is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Code located in the SYSC Sourcebook of the FCA's Handbook. The FCA defines Remuneration Code Staff ("Code Staff") in SYSC 19B as senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the specified remuneration brackets whose professional activities have a material impact on the firm's risk profile.

Our disclosure is made in accordance with our size, internal organization and the nature, scope and complexity of our activities. Therefore, we are not required to appoint an independent remuneration committee. The Firm's policy has been agreed by the Senior Management in line with the Remuneration Code principles laid down by the FCA.

Our policy covers all senior management functions (SMFs), compliance officer and MLRO. It is reviewed annually or following a significant change to the business requiring an update to its internal capital adequacy assessment and designed to ensure that we comply with the Remuneration Code and our compensation arrangements:

1. are consistent with and promotes sound and effective risk management;
2. do not encourage excessive risk taking;
3. include measures to avoid conflicts of interest; and
4. are in line with the Firm's business strategy, objectives, values and long-term interests.

Individuals are rewarded based on their contribution to the overall strategy of the business. Investment generation, investment trading, sales & marketing, operations and other factors such as performance, reliability, effectiveness of controls, business development and contribution to the business are taken into account when assessing the performance of the senior staff responsible for the infrastructure of the Firm. Remuneration is made up of salary and discretionary bonuses. The factors to be used in setting bonuses are at the absolute discretion of the Firm depending on firms and individuals' performances. The Firm has chosen not to disclose exact remuneration figures.

The Firm is a proportionality Level 3 firm for the purposes of the FCA's General Guidance on proportionality in relation to its Remuneration Code. Proportionality level three firms are permitted to dis-apply certain principles contained within the FCA's Remuneration Code relating to deferral, form of delivery and performance adjustment. As a result:

- The Firm does not operate a deferral policy
- All variable remuneration is delivered in cash
- Performance adjustment is not applied.

# Own funds requirement

The Firm must, at all times, hold own funds and liquid assets which are adequate, both to their amount and their quality, to ensure that the Firm is able to remain financially viable throughout the economic cycle and be able to address any material potential harm that may result from its going activities; and to ensure that the Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

As a result of the introduction of the IFPR, the Firm has conducted and documented its Internal Capital Adequacy and Risk Assessment process (ICARA) to identify whether the Firm complies with the abovementioned overall financial adequacy rule. The Firm may hold additional own funds or additional liquid assets above the Firm's own funds requirement or basic liquid assets requirement to manage the potential harms identified.

The Firm's ICARA is reviewed and approved by the Board at least annually, or more often as deemed appropriate.

As a Non-SNI firm, the Firm is required to maintain an amount of own funds that is the higher of the:

- Permanent minimum capital requirement (PMR);
- Fixed overheads requirement (FOR), which is an amount equal to three months of the firm's relevant expenditure; and
- Total K-Factor requirement, which include:
  - **K-AUM,** assets under management; **K-CMH,** client money held; and **K-ASA,** assets safeguarded and administered
  - **K-COH,** client orders handled; and **K-DTF,** daily trading flow
  - **K-NPR,** net position risk; **K-CMG,** clearing member risk; **K-TCD** trading counterparty default risk; and **K-CON,** concentration risk

Given the Firm's activities, the main exposure of the Firm is K-AUM, which is the risk of managing and advising on investments.

The Firm's own funds requirements under Assessment A according to MIFIDPRU 4.3 are as follows:

| | **£** | |
|---|---|---|
| (a) Permanent minimum requirement (PMR) | 75,000 | |
| (b) Fixed Overhead Requirement (FOR) | 1,457,094 | |
| (c) Sum K-factor capital | | Sum of (c1) and (c2) |
| (c1) K-AUM | 520,649 | |
| (c2) K-COH | | |
| **Own Funds Requirements** | £1,457,094 | *Higher of (a), (b) and (c)* |

Refer to the Annex for the latest information about the Firm's own funds.

# Annex 1: Calculations of Own Funds

## Composition of regulatory own funds

The Firm's own funds (i.e. capital resources) comprise exclusively CET1 capital. CET1 capital consists of fully issued ordinary shares, satisfying the requirements for a CET1 instrument in accordance with IFPR.

| | Item | Amount (£ ) | Source based on reference numbers / letters of the balance sheet in the audited financial statements |
|---|---|---|---|
| **1** | **OWN FUNDS** | **2,302,705** | |
| **2** | **TIER 1 CAPITAL** | **2,302,705** | |
| **3** | **COMMON EQUITY TIER 1 CAPITAL** | **2,302,705** | |
| 4 | Fully paid-up capital instruments | **572,100** | **1 - Called Up Share Capital** |
| 5 | Share premium | **N/A** | |
| 6 | Retained earnings | **4,930,605** | **2 - Profit and loss account** |
| 7 | Accumulated other comprehensive income | **N/A** | |
| 8 | Other reserves | **N/A** | |
| 9 | Adjustments to CET1 due to prudential filters | **N/A** | |
| 10 | Other funds | **N/A** | |
| **11** | (-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1 | **N/A** | |
| **19** | CET1: Other capital elements, deductions and adjustments | **- 3,200,000** | **Proposed dividends** |
| **20** | **ADDITIONAL TIER 1 CAPITAL** | **N/A** | |
| **21** | **Fully paid up, directly issued capital instruments** | **N/A** | |
| **22** | **Share premium** | **N/A** | |
| **23** | (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1 | **N/A** | |
| **24** | **Additional Tier 1: Other capital elements, deductions and adjustments** | **N/A** | |
| **25** | **TIER 2 CAPITAL** | **N/A** | |
| **26** | Fully paid-up, directly issued capital instruments | **N/A** | |
| **27** | Share premium | **N/A** | |
| **28** | (-) TOTAL DEDUCTIONS FROM TIER | **N/A** | |
| **29** | Tier 2: Other capital elements, deductions and adjustments | **N/A** | |

## Own funds – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The table below describes the reconciliation with own funds in the balance sheet as at 30th June 2022, where assets and liabilities have been identified by their respective classes. The information in the table below reflects the balance sheet in the audited financial statements.

| | | a | c |
|---|---|---|---|
| | | **Balance sheet as in published/audited financial statements**<br><br>**Amount as at period end (£ )** | **Cross- reference to**<br><br>**Annex I** |
| **Assets -** *Breakdown by asset classes according to the balance sheet in the audited financial statements* | | | |
| 1 | Tangible assets | 422,535 | |
| 2 | Investments | 4,049,960 | |
| 3 | Debtors: amounts falling due within one year | 5,609,571 | |
| 4 | Cash at bank and in hand | 4,226,227 | |
| | **Total Assets** | 14,308,293 | |
| **Liabilities** - *Breakdown by liability classes according to the balance sheet in the audited financial statements* | | | |
| 1 | Creditors: amounts falling due within one year | - 8,232,433 | |
| 2 | Creditors: amounts falling due after one year | - 195,519 | |
| 3 | Deferred taxation | - 31,633 | |
| 4 | Other provisions | - 346,003 | |
| | **Total Liabilities** | - 8,805,588 | |
| **Shareholders' Equity** | | | |
| 1 | Called up share capital | 572,100 | 4 - Fully paid up capital instruments |
| 2 | Profit and loss account | 4,930,605 | 6 - Retained earnings |
| | **Total Shareholders' equity** | 5,502,705 | |

## Own funds – Main features of own instruments issued by the firm

The table below provides information on the CET1 Instruments issued by the Firm

| **Issuer** | Arjun Infrastructure Partners Limited |
|---|---|
| Public or private placement | Private |
| Instrument type | Ordinary share |
| Amount recognised in regulatory capital (GBP, as of most recent reporting date) | 572,100 |
| Issue price (GBP) | £0.10 |
| Redemption price | N/A |
| Accounting classification | Shareholders' equity |
| Original date of issuance | 10th February 2015 |
| Perpetual or dated | Perpetual |
| Maturity date | N/A |
| Subsequent call dates if applicable | 12th March 2018<br>1st July 2019 |
| Convertible or non-convertible | N/A |
| Write-down features | N/A |
| Link to the terms and conditions of the instrument | N/A |