



Eden Park Investment Management Limited

Investment Firms Prudential Regime (IFPR) Disclosures Report

As of 30 April 2023

1. Introduction

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

Under the IFPR Framework, investment firms are split into three categories:

- 1) Designated Investment Firms - firms designated by the Prudential Regulation Authority (“PRA”) under article 3 of the PRA-regulated Activities Order.
- 2) Non small and non-interconnected (“non-SNI”) firms - firms that do not meet definition of a small and non-interconnected (“SNI”) investment firm, which are subject to full IFPR requirements.
- 3) SNI firms - firms which meet all the required SNI thresholds and conditions set out by the FCA, will be subject to reduced IFPR requirements.

The IFPR framework applies:

- 1) Minimum capital and liquidity requirements;
- 2) Additional own funds requirements calculated based on additional risks as identified by EPIM or relevant authority; and
- 3) For non-SNI firms, a public disclosures requirement.

Eden Park Investment Management Limited Ltd (EPIM) is a **non-SNI MIFIDPRU** firm and is subject to full IFPR requirements implemented by the FCA via the MIFIDPRU Prudential sourcebook.

EPIM is an investment firm prudentially authorised and regulated in the UK by the Financial Conduct Authority (“FCA”).

EPIM’s disclosure as of 30 April 2023 has been prepared on a standalone basis. The disclosure fulfils EPIM’s regulatory obligation to disclose key pieces of information on its governance arrangements, risk management objectives and policies, own funds, own funds requirements and remuneration policies under MIFIDPRU.

The Investment Firms Prudential Regime (IFPR) rules state that a MIFIDPRU investment firm must publicly disclose the information specified under MIFIDPRU 8 annually (or more frequently in the event of a major change to our business model).

A firm must publish the information required by the FCA Handbook (MIFIDPRU 8) in a manner that:

- 1) is easily accessible and free to obtain;
- 2) is clearly presented and easy to understand;
- 3) is consistent with the presentation used for previous disclosure periods or otherwise allows a reader of the information to make comparisons easily; and

- 4) highlights in a summary any significant changes to the information disclosed, when compared with previous disclosure periods.

Disclosures are appropriate to the size, internal organisation and nature, scope, and complexity of EPIM.

This information has been made publicly available on EPIM's website as soon as practicably possible after the annual accounts are filed.

This document has been prepared according to, and to meet, the rules set out by the FCA.

Corporate Structure:

Clifton Asset Management Plc ("CAM") is the parent undertaking of EPIM. CAM, together with all of its subsidiary undertakings, forms the "Clifton Group".

EPIM operates within the financial services industry as a discretionary fund manager and is subject to supervision and regulation by the FCA. EPIM shares elements of its corporate governance and its supervision with the Clifton Group. This disclosure may reference policies, procedures and practices of the Clifton Group that are relevant to EPIM.

EPIM is wholly owned and controlled by CAM which is registered in England. CAM has four directors of which all are involved in the running of the business, and all its subsidiaries.

EPIM provides discretionary investment management services to mainly private / retail clients, and is controlled by its two Directors. Both directors are CAM shareholders.

2. Governance Arrangements

Overview:

The Management Committee (the Committee) is the management body responsible for defining, overseeing and implementing governance arrangements within EPIM. The board meet at least twelve times per calendar year.

The Committee is responsible for supervising the effective and prudent management of the business and affairs of EPIM and for ensuring that EPIM has a robust corporate governance structure with well-defined, transparent and consistent lines of accountability. This includes oversight of the EPIM'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 Committee is also responsible for the ongoing monitoring of the overall effectiveness of the governance and risk management arrangements.

The Committee acts in the best interests of EPIM and in a way to promote the integrity of the market and the interests of clients. The Management Committee is directly accountable to Clifton Asset Management Plc (CAM), but must also consider the interests of its customers, employees and other stakeholders.

The Management Committee does rely on certain Group functions to manage, monitor and analyse key areas of responsibility, but gains sufficient information to discharge its duties.

The CAM directors operate a risk committee at group level. The Group Risk Committee determine how the risks that EPIM / The Group face may be mitigated and assess on an ongoing basis the arrangements to manage those risks.

Due to the small size of Eden Park, it is not considered necessary to set up a separate committee to oversee specific risk types and mitigations. Relevant risk matters are addressed at group level. Both directors sit on the group risk committee.

The Management Committee may also rely on the advice, reports and opinions of consultants, counsel, accountants, auditors and other expert advisers.

The Management Committee		
Name	Position	Material Risk Taker
Anthony Carty	Chief Executive Officer	Yes
Neil Greenaway	Director	Yes
Ian Scaife	Group Head of Compliance (SMF 16)	Yes

There is a clear organisational structure within EPIM. This allows it to maintain governance as well as implementing a risk management structure. It is well positioned to recognise the risks that EPIM faces.

The board has delegated responsibilities to the senior management in accordance with SM&CR requirements. EPIM will seek approval from the FCA prior to the appointment of a director who will hold a Senior Manager Function (SMF).

Furthermore, directors will disclose any business interest that may conflict with the interests of EPIM.

Directorships:

The directors may hold other directorships within the Clifton Group.

Director Responsibilities:

The key responsibilities of the board of directors (supported by senior management) include:

- Strategy, aims and objectives
- Corporate values and culture
- Risk management policies, including setting risk appetite
- Governance and organisational structure
- Systems and controls, including compliance, operations, financial and accounting
- Compliance with legal and regulatory obligations
- Competent and prudential financial oversight, including oversight and approval of EPIM's ICARA (Internal Capital and Risk Assessment)
- Performance oversight
- Remuneration framework

Investment Committee:

The Clifton Group operate risk committees. Regarding the structure of the committees, membership includes:

- Chairpersons
- Investment manager
- Investment advisers
- Compliance oversight (SMF16)
- Individuals responsible for investment research

The fundamental responsibilities of an investment committees include:

- To provide a frame of reference for suitable investments and their oversight
- To set an investment policy and investment objectives
- To review performance and compliance
- To create a clear set of key performance indicators
- To judge progress over time
- To recommend and approve policy changes
- To cascade information to the relevant stakeholders.

Committees and Management Group:

There are a number of committees and groups that support the interests of EPIM and the group generally. These includes:

- EPIM Board of directors
- Group (CAM) board of directors
- Management group
- Operations group
- Risk committee
- Investment committee

Diversity:

The Management Committee states that a committee made up of highly qualified members from diverse backgrounds promotes better corporate governance.

In reviewing its composition, the Management Committee consider the benefits of having a broad range of views, experiences, skills, backgrounds and values represented.

To support this, the Management Committee will, when identifying candidates for appointment:

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

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

EPIM's general approach aims to foster a culture in which employees feel safe, included, valued and respected. We embrace the unique contributions of everyone at EPIM and actions to achieve this centre upon:

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

EPIM's strategic approach is aligned with that of our parent company, Clifton Asset Management Plc, sharing an organisation-wide approach to advance diversity and inclusion.

Capital and Risk Management:

EPIM manages and monitors its capital in line with compliance with regulatory requirements.

EPIM conducts an Internal Capital Adequacy and Risk Assessment (“ICARA”) at least annually in order to meet its obligations under the FCA Handbook.

The ICARA is a key tool to ensure that EPIM has appropriate systems and controls in place to identify, monitor, and, if proportionate, reduce all material potential harms:

- a) that the ongoing operation of the business may cause to clients and counterparties, the markets in which EPIMs operate, and EPIM itself; and
- b) that may result from winding down the business, to ensure that EPIM can be wound down in an orderly manner.

The ICARA enables EPIM to:

- a) remain financially viable throughout the economic cycle, with the ability to address any potential material harms that may result from its ongoing activities; and
- b) to enable EPIM to conduct an orderly wind-down while minimising harm.

If required, the FCA may provide individual guidance to EPIM about the amount of own funds that the FCA considers is necessary to comply with the overall financial adequacy rule. Alternatively, the FCA may apply a requirement to EPIM that specifies an amount of own funds that EPIM must hold for that purpose.

EPIM has risk management objectives for:

- MIFIDPRU 4 (Own funds requirements)
- MIFIDPRU 5 (Concentration risk); and
- MIFIDPRU 6 (Liquidity)

For each category of risk, EPIM has considered the potential for harm associated with the business strategy.

EPIM’s approach to risk management is outlined within its Risk Management Framework document.

The management committee has overall responsibility for risk management, including the setting of EPIM’s risk appetite.

EPIM assesses the effectiveness of its risk management through risk management practices outlined within the Risk Management Framework.

The implementation of EPIM’s risk management strategy, which includes robust financial oversight and controls, helps reduce the potential for harm.

3. Own Funds

Table 1 – Composition of regulatory own funds

The table below is set out in the format given by the FCA. Funds shown are as per the Balance Sheet in EPIM's Financial Statements (amounts shown in £1,000's):

	Item	Amount GBP Thousands / £000's)
1	OWN FUNDS	317
2	TIER 1 CAPITAL	317
3	COMMON EQUITY TIER 1 CAPITAL	317
4	Fully paid-up capital instruments	
5	Share premium	135
6	Retained earnings	182
7	Accumulated other comprehensive income	
8	Other reserves	
9	Adjustments to CET1 due to prudential filters	
10	Other funds	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	
19	CET1: Other capital elements, deductions and adjustments	
20	ADDITIONAL TIER 1 CAPITAL	0
21	Fully paid up, directly issued capital instruments	
22	Share premium	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	
24	Additional Tier 1: Other capital elements, deductions and adjustments	
25	TIER 2 CAPITAL	0
26	Fully paid up, directly issued capital instruments	
27	Share premium	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	
29	Tier 2: Other capital elements, deductions and adjustments	

EPIM's own funds are exclusively CET1 capital. EPIM has complied with all externally imposed capital requirements in IFPR from its introduction on 1st January 2022. Tier 1 capital satisfies all the criteria for a Tier 1 instrument as outlined in IFPR.

EPIM is not required to disclose its reconciliation of CET1, AT1 and T2 items with the capital in the balance sheet, as it is not required to publish annual financial statements.

4. Own Funds Requirements

EPIM's capital requirement is calculated as the higher of:

- a) The permanent minimum requirement of £75,000;
- b) The total K-Factor requirement; and
- c) The fixed overhead requirement (FOR).

The FOR is equal to 25% of EPIM's annual relevant expenditure.

The permanent minimum requirement (PMR) K-factor requirement (KFR) and fixed overheads requirement (FOR) are confirmed as follows:

Own funds requirement as of 30 April 2023	
	£000's
Permanent Minimum Capital (PMR) requirement	75
The sum of the K-AUM, K-CMH and K-ASA (Risk to Customer)	48
The sum of the K-COH and K-DTF (Risk to Market)	0
The sum of the K-NPR, K-CMG, K-TCD and K-CON (Risk to Firm)	0
Total K-Factor requirement (KFR)	48
Fixed Overhead Requirement (FOR)	10
Own fund requirement	75

- $K-AUM = AUM \times 0.02\% = £239,540,352 \times 0.02\% = £47,908$
- K-ASA is zero as EPIM does not safeguard assets. EPIM arranges safeguarding.

EPIM's approach to assessing the adequacy of its own funds in accordance with the overall financial adequacy rule (OFAR).

Considering factors such as EPIM's business and operating model, the environment in which it operates, and the nature of its systems and controls, the amount and quality of own funds is deemed to be adequate.

5. MIFIDPRU Remuneration Code

Objectives of EPIM's Financial Incentives

Financial incentives within the Clifton Group and EPIM aim to create a direct link between reward and performance and to incentivise staff in alignment with EPIM's risk profile, including potential conflicts of interest. The remuneration structure is evaluated regularly to ensure its continued alignment with relevant regulatory requirements. The objective of the remuneration structure is to align individual and team contributions with performance objectives in a manner that:

- is consistent with and promotes sound and effective risk management;
- does not encourage excessive risk taking;
- includes measures to avoid conflicts of interest in accordance with EPIM's policies; and
- is in line with the EPIM's business strategy, regulatory obligations, objectives, values, and long-term interests.

PART A: QUALITATIVE DISCLOSURES

Fixed and Variable Remuneration

Total remuneration is determined in light of:

- Individual performance both commercially and with reference to the appraisal methods;
- The performance of the relevant business unit; and
- The results of EPIM as a whole.

The assessment of performance to determine variable remuneration takes into account financial as well as non-financial criteria. The non-financial criteria are intended to:

- 1) Form a significant part of the performance assessment process;
- 2) Where appropriate, override financial criteria;
- 3) Consider the individual's conduct and which will make up a substantial portion of the non-financial criteria; and
- 4) Evaluate the individual's performance in relation to effective risk management and compliance with EPIM's policies.

Remuneration Governance and Decision-making Procedures

EPIM has set up governance processes aimed at ensuring the oversight of rewards, management of any potential conflicts of interests, and the review of the alignment between reward and performance:

- The Remuneration Policy is subject to review and comment by EPIM's senior manager for compliance oversight ("SMF 16") as well as appointed consultants, Human Resources and Finance departments.
- Remuneration decisions are made by the board, following procedures implemented by the Human Resources department which include consultation with line managers of personnel and presentation and approval by senior leadership. Such remuneration decisions include application of relevant financial and non-financial criteria
- EPIM's SMF 16 holds periodic meetings with directors, managers, operations and human resources to discuss compliance and conduct matters relevant to EPIM and/or specific personnel.

Key Characteristics of Remuneration Policies and Practices

EPIM has adopted a Remuneration Policy which:

1. Has been prepared in line with EPIM's business strategy, objectives, values and interests, including consideration of EPIM's risk appetite and strategy, EPIM's culture and values, and any long-term effects;
2. Is designed to ensure that EPIM maintains and applies a sound and prudent remuneration process which does not impair compliance with any of its obligations; and
3. Is intended to identify and manage any conflicts of interest and promote sound and effective risk management and prudent risk taking.

Categories of Remuneration:

EPIM provides the following categories of remuneration to its staff, which may be fixed or variable as specified below:

- base salary (fixed)
- Discretionary bonuses (variable)

Remuneration Criteria:

Remuneration is based on an assessment of both financial and non-financial criteria generally including the following elements:

Criteria Pertaining to EPIM:

- Performance and profitability;
- Risk appetite and strategy;
- Identification and management of any conflicts of interest; and
- Culture and values.

Criteria Pertaining to Individuals:

- The individual's responsibilities and history with EPIM;
- Performance in relation to the individual's job description and terms of employment;
- The individual's compliance with EPIM's policies; and
- The individual's adherence to EPIM's culture and values.

PART B: QUANTITATIVE DISCLOSURES

The FCA does not provide a precise definition of 'significant impact' on risk profile, as it may depend on the specific circumstances and nature of EPIM. However, some examples of events or changes that could have a significant impact on risk profile are:

- Setting up a new undertaking within a firm's group, or a new branch.
- Any proposed restructuring, reorganisation or business expansion.
- Any change in the firm's business model, strategy, or range of activities.
- Any change in the firm's capital adequacy, liquidity, or solvency.
- Any change in the firm's risk appetite, risk management, or internal controls.
- Any material outsourcing arrangements or changes to existing arrangements.
- Any significant operational failures, interruptions, or breaches.

These are not exhaustive lists, and EPIM uses its own judgement, at least annually, to determine whether a staff member is a Material Risk Taker (MRT).

EPIM has a total of three material risk takers (two directors and one senior manager).

For each category of senior management and other staff, we disclose the following:

- The total amount of remuneration awarded;
- The fixed remuneration awarded; and
- The variable remuneration awarded

EPIM paid a total amount of fixed remuneration to staff of £0 and variable remuneration of £0 in 2022/23.

All staff, including the MRTs, are employed and remunerated by the parent firm, Clifton Asset Management Plc (non-MIFIDPRU).

EPIM's profits are payable to Clifton Asset Management Plc (CAM) via dividends and this forms part of CAM's overall income which includes income of its own plus dividends from other trading companies within the group. There is no direct link between these dividends and the remuneration (fixed or variable) paid to senior managers/shareholders/material risk takers.