

Pershing Securities International Limited

# Public Disclosure

December 31, 2021

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## 1 Article 46 IFR - Scope

These public disclosures are published for Pershing Securities International Limited ('PSIL', or the 'Company'), in accordance with the requirements of the Investment Firm Directive<sup>1</sup> ('IFD') and the Investment Firm Regulation<sup>2</sup> ('IFR'), complementing the annual disclosures of the financial statements. IFD and IFR became binding on the company as of 26 June 2021.

These disclosures cover the Company as at 31 December 2021.

Pursuant to the BNY Mellon EMEA Pillar 3 disclosure policy, these disclosures were approved for publication by the Company's Board of Directors (the 'Board') on 26 July 2022. The Board approved the adequacy of the Company's risk management arrangements, providing assurance that the risk management systems put in place are adequate with regard to the Company's profile and strategy.

<sup>1</sup> Directive 2019/2034/EU of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU.

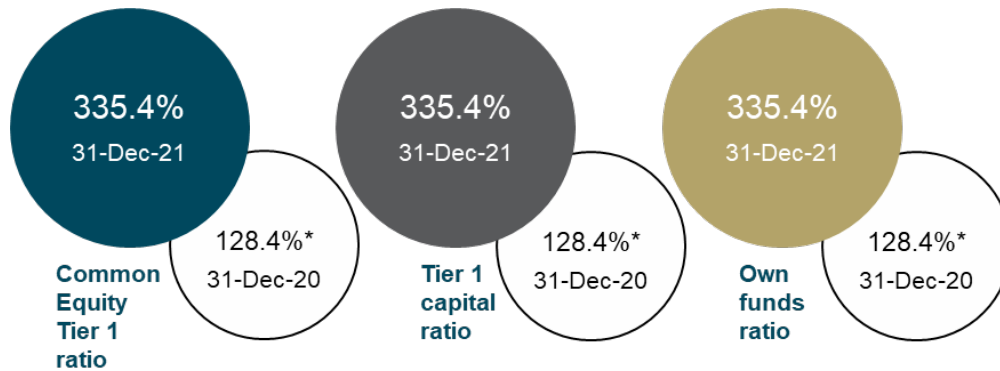
<sup>2</sup> Regulation 2019/2033/EU of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014.

When assessing the appropriateness of these disclosures in application of Article 46-53 of IFR, PSIL has considered the following principles of:



Information in this report has been prepared solely to meet the Company's public disclosure requirements in accordance with IFR. It provides certain specified information about capital and other risks to the client, the market, and the firm, and presents details about the management of those risks, and for no other purpose. These disclosures do not constitute any form of financial statement of the business nor do they constitute any form of contemporary or forward looking record or opinion of the business.

Unless indicated otherwise, information contained within this document has not been subject to external audit.



Note: The capital ratios as at 31 December 2020 were calculated under the legacy CRR framework whereby the Fixed Overhead Requirement ('FOR') was the largest element of the Own Funds calculation. Equally, under CRR the capital ratio was based on Risk-Weighted Assets ('RWA') as a percentage of own funds, under IFR the capital ratio is calculated as own funds capital requirement as a percentage of own funds.

### 1.1 Purpose of public disclosures

Public Disclosures under IFR/IFD requires the external publication of the approach to calculating K-Factor capital requirements for the following risk types alongside disclosures related to the governance of risk and remuneration:



PSIL's public disclosures include both quantitative and qualitative data to illustrate its approach to capital management, capital resources, and an analysis of its risk exposures. The disclosures also include, where appropriate, comparative figures for the prior year and an analysis of the more significant movements to provide greater insight into its approach to risk management.

For completeness, other risks that the Company is exposed to, but which are not covered above, are also discussed in [Concentration risk](#), [Liquidity risk](#) and also [Appendix 1](#).

## 1.2 The IFR framework

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The IFR framework is the Europe-wide accord intended to strengthen the measurement and monitoring of the risks both faced and generated by investment firms. The framework was transposed into EU regulations through IFD and IFR and establishes a more risk-sensitive calibration of an investment firm's capital requirements than the Capital Requirements Regulation ('CRR'). It is comprised of three pillars:

### **Own Funds Requirement**

Establishes rules for the calculation and reporting of K-factors and their associated capital resources requirements.

### **Additional Own Funds Requirement**

Requires firms and supervisors to undertake an Internal Capital Adequacy and Risk Assessment process ('ICARA') to determine whether the Investment Firm needs to hold additional capital against risks not adequately covered in the basic Own Funds Requirement and to take action accordingly.

### **Public Disclosure**

Complements the other two pillars and effects market discipline through public disclosure presenting an investment firm's risk management policies, approach to capital and own funds, and its capital requirements.

Wherever possible and relevant, the Board will ensure consistency between public disclosures, own funds reporting and ICARA content.

## 1.3 Frequency and means of disclosure

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Disclosure will be made annually based on calendar year-end in conjunction with the preparation of the Annual Report and Financial Statements, in accordance with Article 46(1) IFR. The Company will reassess the need to publish some or all of the disclosures more frequently than annually in light of any significant change to the relevant characteristics of its business including disclosure about capital resources and adequacy, and information about risk and other items prone to rapid change.

Disclosures are published on the Pershing and The Bank of New York Mellon Corporation group websites which can be accessed using the links below:

[Pershing - Disclosures - Financial & Regulatory Disclosures](#)

[BNY Mellon Investor Relations - Pillar 3](#)

See the Additional Country Disclosures section.

## 1.4 Key 2021 and subsequent events

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The Board periodically reviews the strategy of the Company and the associated products and services it provides to clients. This generally takes place during the first quarter of each year following the yearly refresh of the legal entity strategy.

### **Regulatory Change**

The Company prepared for IFR to replace the Capital Requirements Directive IV ('CRD') from June 2021. IFR is more suited to investment firms and calibrated in a manner proportionate to the best interests of clients and the promotion of the smooth and orderly functioning of the markets. These disclosures will be the first iteration under this framework.

## **Geopolitical and other macro-environmental risks**

The Company is exposed to geopolitical risks associated with political instability, terrorists acts, military conflicts, civil unrests and tensions between countries, which could impact its clients and cause disruption to business operations. In addition, epidemic and pandemic outbreaks are becoming more frequent and severe, and these could cause severe economic impacts on business sectors, economies and societies.

The COVID-19 pandemic continues to remain dynamic and has led to a continued level of uncertainty. To ensure the health and wellbeing of its people and continuing ability to service its clients, the wider BNY Mellon Group moved to a largely working-from-home model during 2020 and 2021, during which period the Company and the Group implemented enhanced monitoring and oversight controls. A conservative and measured approach continues to be adopted whilst the Group's employees return to office as the COVID-19 pandemic subsides. Additionally, the US, the UK and the EU have imposed sanctions and threatened to expand them significantly against Russia in response to an increasing risk with its conflict with Ukraine which, together with any military conflict, could impact global markets as well as the Company and its customers.

Management continues to monitor developments and seek to manage the associated impacts on customers, service delivery and business operations.

### *Financial statement consideration*

Particular focus has been on the Company's key areas of significant judgment and estimation uncertainty:

- During the year, the Company had an increase in fee revenue primarily driven by a significant increase in transaction volumes and increased assets under administration indicating that the pandemic has had no adverse impact on the level of assets administered by the Company.
- The Company continues to closely monitor the impact of market volatility on its balance sheet and currently has sufficient liquidity in excess of its regulatory requirement. The Company continues to monitor the risk of Central Bank interest rate movements.
- No provisions have arisen as a result of management's actions specifically in response to the impact of pandemic.

### *The Company's operational resilience*

Management has assessed the impact of COVID-19 on the Company's existing operational processes and its potential impact on its key stakeholders:

- Employees: Over 90% of the Company's employees are remotely working from home supported by the Company's enhanced existing technology and IT infrastructure.
- Customers: There have been no significant interruptions on customer related processes and activities. The Company has continued to administer services to its customers.
- Suppliers: Through the Company's proactive outreach programme to its third party providers, management has continued to assess and monitor its contractual risk resulting from the COVID-19 pandemic. No significant issues have been noted to date.
- The Company is adequately financed and is able to utilise existing cash flows within the group in the event that additional capital is needed. As at 31 December 2021, the Company had sufficient headroom above regulatory capital requirements.
- The Company's key information technology systems and infrastructure including those outsourced have not been significantly impacted as a result of COVID-19 and continue to operate as normal.

The Board continues to monitor and manage the COVID-19 situation and believes that the fundamentals underpinning the Company's strategy remain intact.

## 1.5 Company background

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PSIL is a private company incorporated and domiciled in the Republic of Ireland. The Company's immediate parent undertaking is Pershing Limited ('PL'), which is, in turn a subsidiary of Pershing Holdings (UK) Limited ('PHUK'). PHUK is a holding company for a group of subsidiaries which provide a full range of execution, middle-office and post-trade services, investment administration, Self-Invested Personal Pension operation services and related services. PHUK is incorporated in the UK and is an operationally independent subsidiary of Pershing Group LLC which is, in turn a subsidiary of the Bank of New York Mellon Corporation.

Pershing Group LLC is engaged in broadly the same business activity as PSIL. As at 31 December 2021, Pershing Group LLC had approximately \$2 trillion in assets under administration / custody.

BNY Mellon Group ('BNY Mellon') is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, BNY Mellon delivers informed investment management and investment services in 35 countries and more than 100 markets. As of 31 December 2021, BNY Mellon had \$46.7 trillion in assets under custody and/or administration, and \$2.4 in assets under management. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on [www.bnymellon.com](http://www.bnymellon.com). Follow us on Twitter [@BNYMellon](https://twitter.com/BNYMellon) or visit our newsroom at [www.bnymellon.com/newsroom](http://www.bnymellon.com/newsroom) for the latest company news.

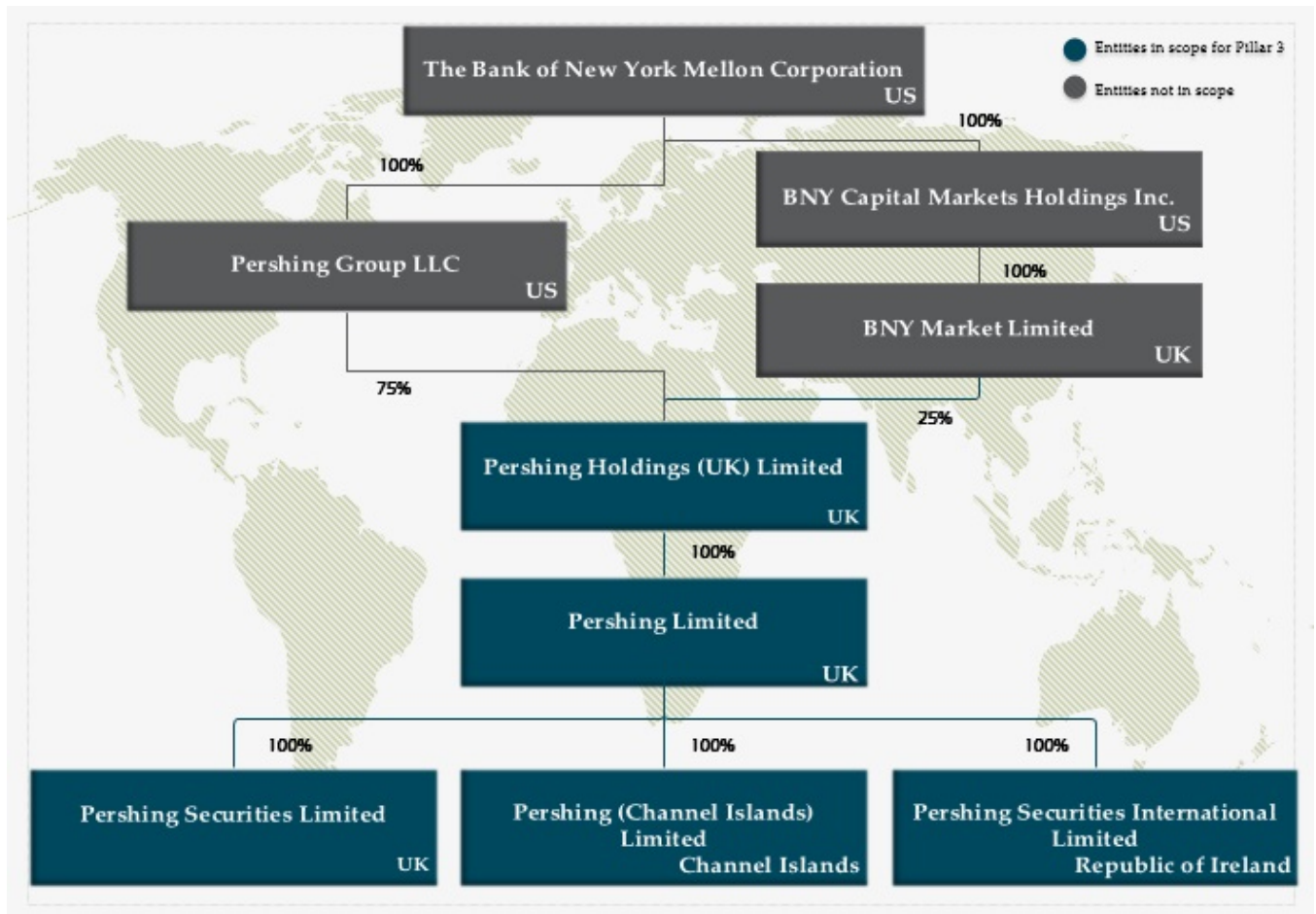
PSIL is a €150k minimum capital investment firm regulated by the Central Bank of Ireland ('CBI') and is authorised as an investment firm pursuant to the provisions of MiFID (as amended), PSIL is required to operate under the EBA's IFR rules, which include the disclosures provided in this document.

There are no current or foreseen material or legal impediments to the prompt transfer of capital resources or repayment of liabilities among the parent undertaking and its subsidiary undertakings.

The legal entity structure of PSIL is illustrated in Figure 1 on the following page.







### 1.6 Core business lines

PSIL provides a broad range of financial business solutions to investment banks, broker-dealers, wealth managers, financial planners and advisers across EMEA. PSIL's core solutions include sophisticated front-end technology and flexible middle-office capabilities with clearing, settlement, and custody services. These are supported by a robust regulatory and compliance framework with dedicated client asset experience and expertise. PSIL's ultimate parent is BNY Mellon, one of the Global Systemically Important Banks ('G-SIB').

Clearing, Settlement, and Custody services	Investment and Platform Solutions	Technology Solutions
Scalable middle and back-office services.	Powerful portfolio management solution ('PMS') and customer relationship management ('CRM').	Flexible open architecture solution, clients decide how they want to consume PSIL's services.
Clearing and settlement of on-exchange and OTC global equities, ETFs, funds, bonds, and fixed income across 40+ markets.	Clear and detailed valuation reports.	Tough-tech resilient, reliable, secured, benefiting from the technology robustness of a G-SIB.
Clearing and settlement of central counterparty ('CCP') trades.	MiFID II reporting solutions.	Interfaces integrated professional portal and application programming interfaces including web services.
Euroclear Bank, CREST, and other international CDS non-disclosed and fully disclosed custody services.		

PSIL offers tailored solutions to two distinct market segments:

### **Solutions for Banks and Broker-Dealers**

PSIL provides front, middle, and back-office services across the full trading lifecycle, including clearing, settlement, and custody. Benefits include:

- The freedom to focus on future growth, rather than on infrastructure, technology, and operations;
- Solutions to help future-proof your business;
- Variable cost model reducing significant fixed cost;
- Technically robust and compliant solutions across jurisdictions;
- Minimised risk and increased operational efficiency;
- Streamlined processes and operations; and,
- Easy expansion into new markets.

### **Solutions for Wealth Managers and Advisors**

PSIL provides a wide range of wealth management administration and custody services. Benefits include:

- Freedom to develop your business, rather than spend time on keeping pace with technology and operations requirements;
- Complete confidence that your client's assets are in very safe hands;
- Award-winning custody and investors' book and records and administration services from a highly experienced provider;
- Access to clear and detailed investor reporting;
- Access to best-in-class online wealth management tools;
- Excellent operational efficiency; and,
- Full compliance with the latest regulations and legislation.

Additionally, PSIL offers two flexible business models:

**Business Process Outsourcing (Model A)** is operated by PSIL acting as agent for the client and all settlement accounts are maintained in the name of the client. Key features include:

- Firm's own infrastructure;
  - Pershing's operations;
  - Firm's or Pershing's agent bank network;
  - Firm's name in the market; and,
  - Firm's books and records & balance sheet.

**Fully Disclosed (Model B)** which is operated by PSIL assuming the settlement obligations of its clients in the marketplace. A key feature of this model is that it creates a tri-partite or direct relationship for custody with the end investors and all accounts must be set up on a fully disclosed basis. Key features include:

- Pershing's infrastructure;
  - Pershing's operations;
  - Access to Pershing's agent bank network;
  - Rely on Pershing's name in the market; and,
  - Pershing's books and records & balance sheet.



## 2 Article 47 / 48 IFR - Risk management objectives, policies and Governance

### The new prudential regime

The IFR and IFD were published in the Official Journal of the European Union on 5 December 2019 and entered into force on 25 December 2019. IFR / IFD became applicable from 26 June 2021.

IFR / IFD is a new framework of prudential requirements for investment firms authorised under the Markets in Financial Instruments Directive ('MiFID') and replaces the prudential requirements under the CRR<sup>1</sup> and CRD<sup>2</sup> (collectively, 'CRD IV').

The overall objective of the IFR / IFD is to “streamline and simplify the prudential requirements for MiFID investment firms” to better reflect the business models and activities of those firms. More specifically, the IFR / IFD shifts the “prudential requirements and expectations away from the risks firms face, to also consider and look to manage the potential harm firms can pose to consumers and markets.”

PSIL is classified as a Class 2 Investment firm under the new prudential regime.

<sup>1</sup> Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, 26 June 2013.

<sup>2</sup> Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, 26 June 2013.

## 2.1 Risk statement

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PSIL's Risk Appetite Statement ('RAS') establishes its acceptable risk profile and sets limits on the level and nature of the risk that PSIL are willing to assume in achieving its strategic objectives.

The RAS describes both the nature of, and PSIL's tolerance for, the principal risks which are inherent in its business: Strategic Risk, Operational Risk, Credit Risk and Liquidity Risk. Market, Reputational and Litigation Risks typically arise as a consequence of another risk event and are key considerations within PSIL's overall risk management framework.

The RAS guides how PSIL pursues its business strategy through its decision-making processes while effectively managing risk. Further, PSIL's RAS both informs and embodies its culture, characterised by prudent risk-taking and values around risk awareness, ownership and accountability. This is reinforced through policies, its Code of Conduct, human resource standards and PSIL's senior leaders, who set an appropriate "tone from the top".

As part of the BNY Mellon Group, PSIL's Risk Management Framework is aligned to the enterprise-wide framework. This approach ensures a consistent approach to the application of risk management principles and practices.

PSIL plays an important role in the financial markets in which it operates and to their clients. Because of this, PSIL incorporates Operational Resiliency considerations into its business operations to mitigate the risk of service disruptions. This includes the development of business continuity and disaster recovery plans which can be activated in the event of a business disruptive incident. Although it is accepted that the business will be impacted by external events, PSIL has a low appetite for service disruption and aims to minimise the disruption to client services as a result.

## Governance

### 2.2 Board of Directors

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The Board is the senior strategic and decision making body and consists of representatives of BNY Mellon and senior Pershing Limited Consolidated ('PLC') management. There are two independent non-executive directors on the Boards.

The Board has overall responsibility for the establishment and maintenance of PSIL's risk appetite framework and for the approval of the risk appetite statement. The Board ensures that strategic business plans are consistent with the approved risk appetite. The Board is also responsible for both the management and the oversight of risks, together with the quality and effectiveness of internal controls, but delegates risk management oversight to the PHUK Group Executive Committee ('ExCo') and the Ireland Compliance, Risk and Oversight Committee ('ICROC'), supported by the risk management committees. It is also responsible for reviewing, challenging and approving all risk management processes including risk identification and assessment, stress testing and capital adequacy. The various control functions provide further support for the management of risk within the business.

The Board meets at least quarterly and the table on the following page shows the members of the Board along with its committees as of 31 December 2021:

Board member	Function at PSIL	Other Directorships
N Harrington	Chief Executive Officer	1 BNY Mellon entity
E Canning	Executive Director	6 BNY Mellon entities and 1 external entity <sup>1</sup>
K Molony	Chair and Independent Non-executive Director	15 external entities <sup>2</sup>
P Turpin	Independent Non-executive Director	3 external entities <sup>1</sup>
J Duffy	Non-executive Director	1 BNY Mellon entity and 2 external entities
P Kelleher	Non-executive Director	No other entities

Notes:

<sup>1</sup> Includes entities which do not pursue a predominantly commercial objective.

<sup>2</sup> Includes external directorships held within the same group(s) of companies.

G Towers resigned from the Board on 28 May 2021.

No Board members have a material interest of more than 1% in the share capital of the ultimate holding company or its subsidiaries.

PSIL has a commitment to diversity and inclusion. This commitment is not only important to PSIL's culture and to each director as individuals, it is also critical to PSIL's ability to serve its clients and grow its business. PSIL recognises the benefits of having individuals with diverse backgrounds, experience and viewpoints on the Board for the different perspective and unique contributions they provide. Board appointments are based on an individual's knowledge, skills, experience, performance, and other valid role-related requirements. PSIL has set targets to increase female representation at both senior management level and in mid-level leadership with a target date of 31 December 2023.

The Selection Council (the 'Council') is responsible for reviewing the structure, size and composition of the Board members of PSIL, including their skills, knowledge, experience and diversity, and making recommendations to the Board with respect to any appointment. In identifying suitable candidates for a particular appointment, the Council considers candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender.

### 2.3 Risk committees

The Ireland Compliance, Risk and Oversight Committee ('ICROC') assist the Board and ExCo in overseeing PSIL's compliance with its regulatory and legal obligations and with PLC's Compliance and Oversight Policies.

ExCo delegates specific responsibilities to various committees and councils to provide an appropriate oversight and direction to various risk and regulatory processes and activities, including:

**Pershing Risk Committee ('PRC')** provides a senior management oversight to the overall risk framework and identified risk types that could potentially impact PHUK Group. The PRC reports to the PHUK Group Executive Committee and forms a central point for the oversight and management of risk and the escalation of significant risk issues and events to PHUK Group senior management, the PHUK Group Executive Committee and the PHUK Group Boards. Subsidiary risk committees and councils report to the PRC to ensure a consistent and effective reporting of risks and these include the Pershing EMEA Credit and Market Risk Committee, the Business Acceptance Committee, and the Asset and Liability Committee. PRC is co-chaired by the Chief Risk Officer and the Interim Chief Executive Officer. Meeting frequency is monthly with no less than 10 times per year.

**Pershing EMEA Credit and Market Risk Committee ('PECAM')** oversees the review of all credit and market risk issues associated with and impacting on business undertaken by PHUK Group. The committee's principal credit risk responsibility is to achieve and maintain an acceptable credit exposure to PHUK Group's clients, as well as to market makers, custodians and banks. It is chaired by the Head of Credit and Market Risk. Meeting frequency is weekly.

**Asset and Liability Committee ('ALCO')** is responsible for overseeing the asset and liability management activities of the balance sheets of PHUK Group and for ensuring compliance with all treasury related regulatory requirements. ALCO is also responsible for ensuring that the policy and guidance set through BNY Mellon's Global ALCO and EMEA ALCO is understood and executed locally. This includes the strategy related to the investment portfolio, placements, interest rate risk, capital management and liquidity risk. Meeting frequency is monthly with no less than 10 times per year.

**Ireland Compliance, Risk and Oversight Committee ('ICROC')** oversees the adherence of PSIL to applicable Irish laws, guidelines and notices affecting its operations and to fulfill the requirements of the Standards for Stockbrokers, as issued by the Central Bank of Ireland ('CBI'). Meeting frequency is monthly with no less than 10 times per year.

**Business Acceptance Committee ('BAC')** is an integral part of the new business process and is responsible for the review and approval of all new clients, products/services and material changes to existing processes before they are executed or implemented and includes responsibility for the pricing of new and existing client activity, products and services. The BAC is chaired by the Chief Information Officer and includes representatives of all of the risk and control functions, as well as line support functions. Meeting frequency is weekly.

**Client Asset Council ('CAC')** is responsible for the oversight and governance of PHUK Group, including PSIL, and ensuring PSIL's adherence to the CBI custody and client money rules. The council reports to the PRC to confirm the adequacy of systems and controls in place. Meeting frequency is monthly with no less than 10 times per year.

## 2.4 Risk management objectives and policies

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### Strategies and processes to manage risks

The Board adopts a prudent approach to all elements of risk to which it is exposed. It is risk averse by nature and manages its business activities in a manner consistent with the tolerances and limits defined within its risk appetite quantitative and qualitative measures. These measures and thresholds are built into its operating processes and governance structures.

PSIL seeks to manage risk through a collection of complementary processes and methodologies, designed to enable risks to be consistently identified, measured, managed, and ultimately reported through its governance structure.

Clients and other market participants need to have confidence that PSIL will remain strong and continue to deliver operational excellence and maintain an uninterrupted service throughout market cycles and especially during periods of market turbulence. PSIL is committed to maintaining a strong balance sheet and this philosophy is also consistent with PHUK, PL, Pershing Group LLC and BNY Mellon as a whole.

Whilst PSIL assumes less balance sheet risk than most financial services companies due to its focus on transaction processing, its business model does give rise to some risk as described below. As a consequence, PSIL has developed a risk management framework that is designed to ensure that:

- risk tolerances (limits) are in place to govern its risk-taking activities across the business and risk types;
- risk appetite principles are incorporated into its strategic decision-making processes;
- an appropriate risk process is in place to identify, manage, monitor, and report on risk within the governance structure;
- monitoring and reporting of key risk metrics to senior management and the Board takes place; and,
- there is a capital planning process based on a stress testing programme.

As part of a global investment company, risk is a fundamental characteristic of PSIL's business. As such, PSIL's approach to risk taking and how it considers risk relative to reward directly impacts its success. PSIL has, therefore, established what it considers acceptable risk and set limits on the level and nature of the risk that it is willing and able to assume in achieving its strategic objectives and business plans. PSIL's RAS serves this purpose and guides its decision-making processes, including the manner by which it pursues its business strategy and the method by which it manages risk and determines whether its risk position is within the risk appetite.

The RAS outlined below describes both the nature of, and PSIL's tolerance for, the material risks that are inherent in its business. Because reputational risk typically arises as a consequence of another risk event, it is not explicitly described. However, maintaining a strong brand and reputation is fundamental to PSIL's ability to attract and retain clients. As such, PSIL considers reputational impact as part of its overall risk management process. Similar to reputational risk, litigation risk is often an outcome of another risk event and is therefore not individually described. However, the financial services industry continues to face increasingly large adverse litigation outcomes that can substantively impact capital position. As such, litigation risk is a key consideration within PSIL's overall risk management framework.

The Board adopts a prudent approach to all elements of risk to which it is exposed. It is risk averse by nature and manages its business activities in a manner consistent with the tolerances and limits defined within its risk appetite quantitative and qualitative measures. These measures and thresholds are built into its operating processes and governance structures.

PSIL business model is centered upon the provision of a broad range of financial business solutions to broker-dealers, wealth managers, financial planners, and advisers across EMEA. PSIL provides sophisticated front-end technology and flexible middle office capabilities with settlement and custody services. These are supported by a robust regulatory and compliance framework with dedicated client asset experience and expertise.

PSIL's strategy is to strengthen its digital offering, whilst continuing to concentrate upon the delivery of services that are essential to the current marketplace that focuses upon operational and market efficient, advanced technology solutions and fully meets regulatory expectations.

PSIL is faced with complex statutory and regulatory requirements that are evolving and intensifying as new market and regulatory reforms are implemented. Select new reforms could impact PSIL's business activity and strategy creating both risk and opportunity that it seeks to fully mitigate and leverage.

PSIL seeks to maintain a strong liquidity profile by actively managing its liquidity positions and ensuring that there are sufficient deposits and funding in place to meet timely payment and settlement obligations under both normal and stressed conditions.

PSIL seeks to minimise credit and market risk to the amount and type appropriate for it to accept in order to execute its principal activities. This is achieved through the monitoring and managing of established mark-to-market portfolio tolerances, tailored credit limits and collateral management.

Given the nature of the PSIL business, the potential for operational risk is inherent. While PSIL seeks to mitigate such risk through the application of a prudent control framework across three lines of defence, it recognises that a moderate degree of residual risk is intrinsic and forms part of its overall appetite.

## 2.5 Risk management framework

Suitable policies and procedures have been adopted by PSIL in order to ensure an appropriate level of risk management is directed at the relevant element of the business. In line with global policy, PSIL has adopted the 'Three Lines of Defence' model in deploying its risk management framework represented in figure 2 below:

 **Figure 2: Managing Three Lines of Defense**



## 2.6 Risk appetite

Risk is inherent in PSIL's business activities and it is important that the Board establishes an acceptable risk profile and set limits on the level and nature of the risk that PSIL is willing to assume in achieving its strategic objectives and business plans. The RAS serves this purpose and guides decision making processes, including the manner by which PSIL pursues its business strategy and the method by which it manages risk and determines whether its risk position is within the risk appetite.



## 2.7 Stress testing

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Capital Stress testing is undertaken at PSIL to monitor and quantify risk exposures and capital requirements to ascertain whether or not there are sufficient capital resources on a forward-looking basis. The process involves developing stressed scenarios that identify an appropriate range of adverse circumstances of varying nature, severity and duration relevant to the Company's risk profile and business activities. Scenarios are derived from current, emerging, and plausible future risks and strategy, and are reviewed, discussed and agreed by ICROC, PRC, ExCo, and the Board.

## 3 Own Funds requirement

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PSIL takes a prudent and conservative approach to its capital planning and assessment which is reflected not only within the RAS but in its capital planning approach to retaining profits within PSIL in view of its future expansion/growth plans. PSIL's capital adequacy risk appetite is defined by the need to have capital adequate in quantity and quality to meet the maximum of its regulatory capital requirements calculated in accordance with the criteria outlined in IFR/IFD.

Under IFR/IFD PSIL is classified as a Class 2 investment firm and must hold minimum own funds based on the higher of: -

- permanent minimum capital requirement ('PMR'); or
- a quarter of their fixed overheads for the preceding year ('FOR'); or
- the sum of the requirement under the set of risk factors tailored to investment firms ('K-factors') which sets capital in relation to the risks in specific business areas of investment firms.

### Permanent Minimum Capital Requirement

Article 14 IFR states that the permanent minimum capital requirement shall amount to at least the levels of initial capital specified in Article 9 of IFD.

PSIL's permanent minimum capital requirement is therefore €150,000.

### Fixed Overhead Requirement

Article 13 IFR states that the fixed overheads requirement shall amount to at least one quarter of the fixed overheads of the preceding year.

PSIL's fixed overhead requirement is therefore €3.0 million based on the audited 2021 accounts.

### K-factor Requirement

Article 15 IFR outlines how investment firms are to calculate their own funds requirements under this framework by reference to a set of K-factors which capture Risk-To-Client ('RtC'), Risk-to-Market ('RtM') and Risk-to-Firm ('RtF').

The K-factors under RtC capture client assets under management and ongoing advice ('K-AUM'), client money held ('K-CMH'), assets safeguarded and administered ('K-ASA'), and client orders handled ('K-COH').

The K-factor under RtM captures net position risk ('K-NPR') in accordance with the market risk provisions of Regulation (EU) No 575/2013 or, where permitted by the competent authority for specific types of investment firms which deal on own account through clearing members, based on the total margins required by an investment firm's clearing member ('K-CMG'). Investment firms should have an option to apply K-NPR and K-CMG simultaneously on a portfolio basis.

The K-factors under RtF capture an investment firm's exposure to the default of their trading counterparties ('K-TCD') in accordance with simplified provisions for counterparty credit risk based on CRR, concentration risk in an investment firm's large exposures to specific counterparties based on the provisions of that regulation that apply to large exposures in the trading book ('K-CON'), and operational risks from an investment firm's daily trading flow ('K-DTF').

## K-factors requirement = RtC + RtM + RtF

PSIL's K-factor requirement is therefore €12.2 million.

Please see [Table 4](#) for a consolidated view of PSIL's K-factor capital requirements. Note that due to the nature of PSIL's business not all K-factors are applicable.

### 3.1 Risk to Client

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RtC K-factors are calculated in accordance with Chapter 2 of IFR and is the sum of capital requirements under each of K-AUM + K-CMH + K-ASA + K-COM.

- **K-AUM (assets under management)** PSIL does not have assets under management due to the nature of its business model therefore the K-factor is not applicable to PSIL.
- **K-CMH (client money held)** PSIL holds client money in accordance with the CBI's Client Asset Regulations. Please see [Table 4](#) in regards to this capital requirement.
- **K-ASA (assets safeguarded and administered)** PSIL holds assets safeguarded and administered on behalf of clients in accordance with the CBI's, Client Asset Regulations. Please see [Table 4](#) in regards to this capital requirement.
- **K-COH (client order handled)** PSIL does not handle client orders therefore the K-factor is not applicable to PSIL.

### 3.2 Risk to Market

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RtM K-factors are calculated in accordance with Chapter 3 of IFR and is the sum of capital requirements under each of K-NPR or K-CMG.

- **K-NPR (net position risk)** PSIL does not operate a trading desk, nor does it trade on its own account therefore the K-factor is not applicable to PSIL.
- **K-CMG (clearing margin given)** PSIL is not a general clearing member ('GCM') approved by any clearing house therefore the K-factor is not applicable to PSIL.

### 3.3 Risk to Firm

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RtF K-factors are calculated in accordance with Chapter 4 of IFR and is the sum of capital requirements under each of K-TCD + K-DTF + K-CON.

- **K-TCD (trading counterparty default)** PSIL does not operate a trading desk, nor does it have a trading book dealing on its own account, either for itself or on behalf of a client, hence it doesn't have any trading counterparty exposure by virtue of its business model. This K-factor is therefore not applicable to PSIL.
- **K-DTF (daily trading flow)** PSIL does not operate a trading desk, nor does it execute any dealing on its own account hence it doesn't have any daily trading flow by virtue of its business model. This K-factor is therefore not applicable to PSIL.
- **K-CON (concentration risk)** PSIL does not operate a trading desk, nor does it have a trading book dealing on its own account, either for itself or on behalf of a client, hence it doesn't have any trading book concentration risk exposure. This K-factor is therefore not applicable to PSIL.

## 4 Concentration risk

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### **Client free money ('CFM')**

Pershing EMEA Credit & Market Risk Committee ('PECAM') sets, approves, and monitors CFM concentration limits at a PLC level and legal entity level. PECAM may exceptionally approve an increased limit in respective CFM balances in accordance with the PLC Bank and Custodian Review Policy. In addition, PSIL monitors its CFM concentration balances on a daily basis through the PLC daily Treasury MI pack.

PECAM approval for such exceptions will reflect the balance between concentration risk, the absolute value of the placement limit implied by the concentration limit and the availability of eligible Banks, especially for Ireland where higher levels of Bank concentration occurs due to the smaller number of available Banks.

### **Firm money**

Whilst PSIL maintains modest levels of firm money deposits to manage its funding and liquidity requirements, it is recognised these balances can occasionally be elevated, dependent on prevailing client activity. Accordingly, whilst firm money concentration risk is managed via credit limits which are set substantially lower than the limits warranted by the banks' respective sizes, they still enable the business to manage its balances effectively for the purposes of funding and liquidity management. Credit Risk, via PECAM set, approve and monitor Firm money limits.

### **Client assets**

In addition, PSIL has processes and procedures in place to meet regulatory requirements as outlined in the CBI's Client Assets Requirements ('CAR') in relation to its network of agent banks and sub-custodians.

The Pershing EMEA Network Management team is responsible for maintaining a full list of all banks and sub-custodians as well as the performance of the initial and ongoing due diligence. The results of these reviews are submitted to the Client Asset Council for approval and monitoring.

Accurate and up-to-date records of client asset holdings are maintained where the amount, location, ownership status and type and value of assets and/or currency held can be readily verified.

External reconciliations are undertaken by the independent reconciliations team, with appropriate segregation of duties, on a daily and or monthly basis depending on the product being reconciled, which reconcile PSIL books and records to those of its sub-custodians and banks. In addition, internal reconciliations are undertaken daily in relation to client money and there is a monthly internal system evaluation process for assets. There are established procedures to ensure discrepancies and breaks are escalated, investigated, and rectified as soon as possible.

PSIL and its respective officers, establish, maintain, and regularly review appropriate management information and metrics related to client asset safety performance, compliance, operational resilience and redundancy, and incident management.

PSIL is also required to create and maintain a Client Asset Management Plan which is used in the event of its insolvency. This is to ensure that all relevant documentation as well as resource is in place if an insolvency practitioner is appointed due to the insolvency of PSIL to retain the protection of client assets whilst the insolvency process is undertaken.

PSIL is audited annually by external auditors in compliance with these requirements.

## 5 Liquidity risk

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PSIL defines liquidity risk as the ability to maintain liquidity resources which are adequate, both as to the amount and quality, so that there is no significant risk that PSIL's liabilities cannot be met as they fall due.

PSIL does not engage in proprietary trading activities or hold assets for resale on its balance sheet, and so does not have significant asset liquidity risk. PSIL's business model is of a transaction processing nature and dictates that PSIL maintains a prudent funding profile in order to support its clients trade activities.

Liquidity risks can arise from funding mismatches, market constraints from the inability to convert assets to cash, or contingent liquidity events. Changes in economic conditions or exposure to credit, market, legal, operational and reputational risks also can affect PSIL's liquidity risk profile and are considered in the liquidity risk framework.

PSIL maintains a strong liquidity profile by actively managing its liquidity positions and ensuring that there are sufficient deposits and funding in place to meet timely payment and settlement obligations under both normal and stressed conditions to ensure it maintains liquidity ratios within approved limits.

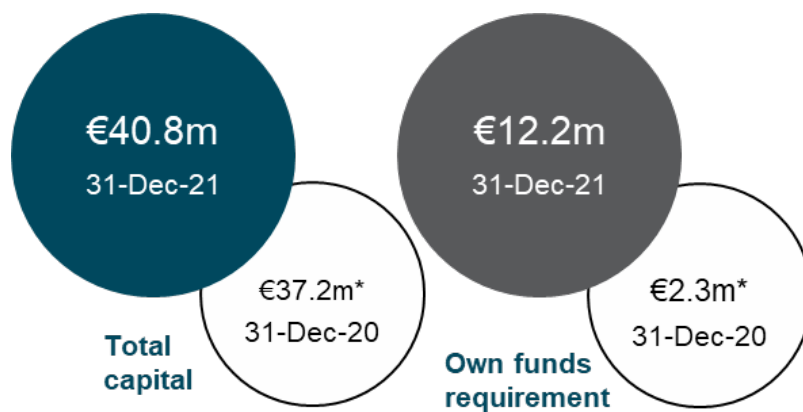
IFR (EU) 2019/2033, Article 43, requires Investment firms to hold an amount of liquid assets equivalent to at least one third of the fixed overhead requirement.

PSIL also manages a significant amount of Client Free Money ('CFM') which is held at tier one third party banks under a trust status letter. The majority of PSIL's CFM is maintained on an instant access basis, with the balance on breakable or notice period terms and is therefore only subject to minimal liquidity risk.


PSIL utilises PLC's direct participant in a number of settlement systems for settling trades. An important feature of this settlement process is the intra-day funding obligation for PLC for trade settlement on a Delivery versus Payment ('DvP') basis. Liquidity is provided by PSIL's cash balances and topped up, when required by drawing from uncommitted facilities with third party institutions, which are guaranteed by BNY Mellon Corp, together with an uncommitted facility with PSL. The withdrawal of the guarantee by BNY Mellon Corp could cause the providers of the credit lines to withdraw their support to the settlements and this could have a serious impact upon the continued functioning of the PSIL business. To this end PLC holds a Liquid Asset Buffer comprised of eligible UK and US Government Securities that, amongst other things, could be used to meet its settlement funding requirements. Further, a Contingency Funding Plan has been established by PLC Senior Management which sets out the strategy for managing liquidity in stressed conditions for PLC with the aim being to ensure it will continue to support client operational activities and to have sufficient liquidity resources to meet liabilities as they fall due.



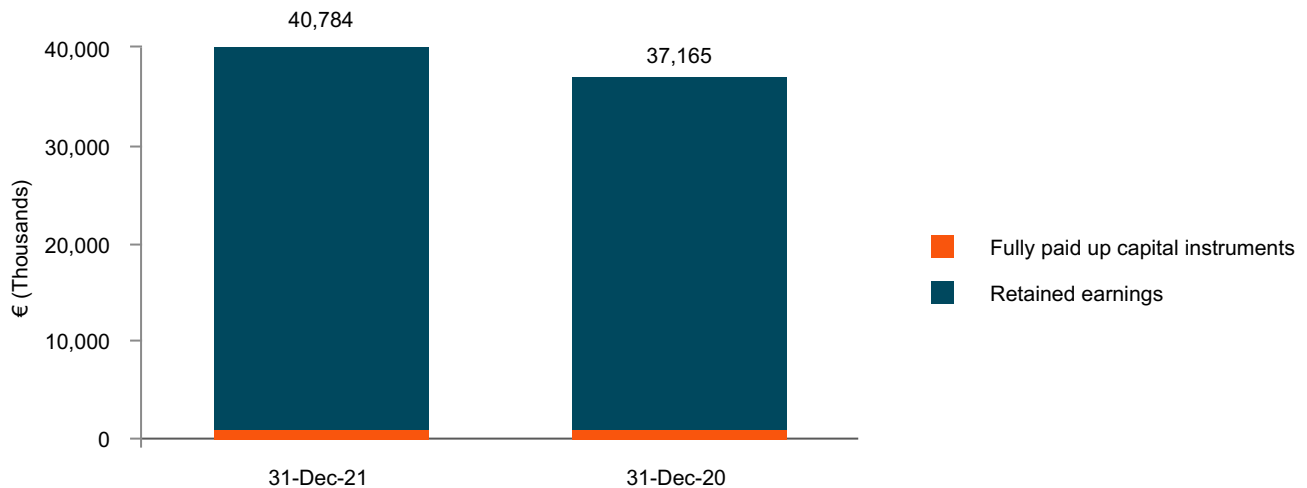
**6 Article 49 / 50 IFR - Own funds & Own funds requirements**



\* Own funds requirement as at 31 December 2020 was calculated under the legacy CRR framework under which the Fixed Overhead Requirement was the highest element of the own funds calculation. Under IFR, the highest element of the own funds calculation is the K-factor requirement.


**Composition of regulatory capital**

This graph shows the composition of regulatory capital including all regulatory adjustments (see Table 1: CC1 Composition of regulatory own funds).



This section provides an overview of the regulatory balance sheet and composition of the Company's regulatory own funds. There are no material differences between the balance sheet prepared in accordance with International Financial Reporting Standards ('IFRS') and regulatory own funds calculated in accordance with prudential requirements.

Own funds comprise Tier 1 and Tier 2 capital less deductions.

The Company holds no Additional Tier 1 capital or Tier 2 capital, similarly there are no adjustments to capital. Accordingly the analysis of those line items has not been shown and non-applicable rows are not presented in the table below.


**Table 1: CC1 Composition of regulatory own funds**

At 31 December 2021 (€000s)	Amounts	Source based on reference numbers/ letters of the balance sheet in the audited financial statements
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
<b>OWN FUNDS</b>	<b>40,784</b>	
<b>TIER 1 CAPITAL</b>	<b>40,784</b>	
<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>40,784</b>	
Fully paid up capital instruments	1,000	(a)
Share premium		
Retained earnings	39,784	(b)
Accumulated other comprehensive income		
Other reserves		


**Table 2: CC2 Reconciliation of capital to the audited financial statements**

This table shows a reconciliation of the Company's balance sheet prepared in accordance with Irish law and Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101') with the components of its regulatory own funds under prudential rules.

At 31 December 2021 (€000s)	Balance sheet as in audited financial statements	Cross reference to EU IF CC1
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>		
Fixed asset investments	—	
Debtors	20,741	
Cash at bank and in hand	48,221	
<b>Total assets</b>	<b>68,962</b>	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>		
Amounts falling due within one year	28,080	
<b>Total liabilities</b>	<b>28,080</b>	
<b>Shareholders' Equity</b>		
Called up share capital	1,000	(a)
Other reserves	98	
Profit and loss account	39,784	(b)
Deductions from Capital	—	
<b>Total shareholders' equity</b>	<b>40,882</b>	

Other reserves represent restricted stock awards which are not eligible for inclusion under Own Funds.



This table provides a description of the main features of regulatory instruments issued and included as Tier 1 capital in Table 1. Selected non-applicable rows have not been presented.

Issuer	Pershing Securities International Limited
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
Public or private placement	N/A
Governing law(s) of the instrument	Irish Law and Regulations (FRS 101)
Instrument type (types to be specified by each jurisdiction)	Ordinary shares
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	€1m
Nominal amount of instrument	€1m
Issue price	€1
Accounting classification	Shareholders' equity
Original date of issuance	07-February-2003
Perpetual or dated	Perpetual
Original maturity date	N/A
Issuer call subject to prior supervisory approval	No
<b>Coupons / dividends</b>	
Fixed or floating dividend/coupon	N/A
Existence of a dividend stopper	No
Convertible or non-convertible	Non-convertible
Write-down features	No
Non-compliant transitioned features	No
Link to the full term and conditions of the instrument (signposting)	Available on request

## 6.1 Restrictions

There are no restrictions applied to the calculation of own funds in accordance with the IFR framework. Similarly, the Company has no capital deductions through which such restrictions would be applied to.

## 6.2 Internal Capital Adequacy and Risk Assessment

The Company has an Internal Capital Adequacy and Risk Assessment process ('ICARA') which defines the risks that it is exposed to, and sets out the associated capital plan which aims to ensure that the Company holds an appropriate amount of capital to support its business model, through the economic cycle, given a range of plausible but severe stress scenarios. The plan is reflective of the Company's commitment to a low risk appetite, with no proprietary trading, coupled with a strong capital structure which gives the necessary confidence to the Company's clients.

As a class 2 investment firm, IFR allows for different approaches for calculating capital requirements. The calculation yielding the highest capital requirement from the following approaches is deemed to be the Company's overall capital requirement:

- Permanent minimum capital requirement;
- aggregate value of applicable K-factor requirements; and,
- Fixed Overheads Requirement ('FOR').



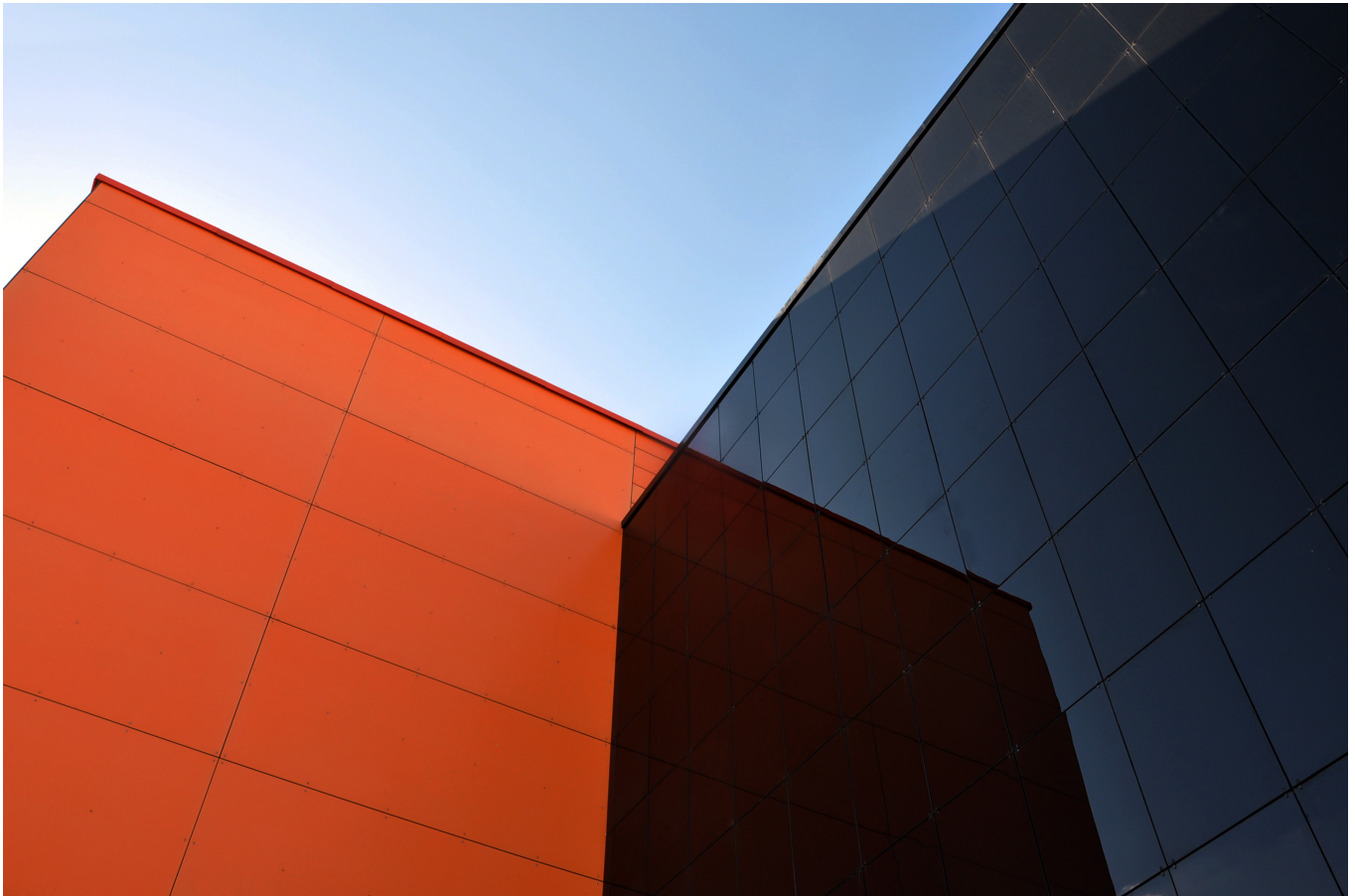

**Table 4: K-factor and Fixed Overhead capital requirements**

This table shows the capital requirements calculated in accordance with Article 15 IFR, in aggregate form, for the K-factors applicable to the Company. Similarly, the FOR determined in accordance with Article 13 IFR is presented for the purpose of determining the highest overall value.

Type of risk and applicable K-factors (€000s)	Factor amount		Capital requirements	
	31-Dec-21	31-Dec-20 *	31-Dec-21	31-Dec-20 *
<b>Risk to client</b>			<b>12,159</b>	
K-AUM: Assets under management	—		—	
K-CMH: Client money held - segregated	1,335,529		5,342	
K-CMH: Client money held - non-segregated	—		—	
K-ASA: Assets safeguarded and administered	17,041,674		6,817	
K-COH: Client orders handled - cash trades	—		—	
K-COH: Client orders handled - derivatives trades	—		—	
<b>Risk to market</b>			—	
K-NPR: Net positions risk requirement			—	
K-CMG: Clearing margin given	—		—	
<b>Risk to firm</b>			—	
K-TCD: Trading counterparty default			—	
K-DTF: Daily trading flow - cash trades	—		—	
K-DTF: Daily trading flow - derivative trades	—		—	
K-CON: Concentration risk requirement			—	
<b>Total K-factor requirement</b>	<b>18,377,203</b>		<b>12,159</b>	
<b>Permanent minimum capital requirement</b>			<b>150</b>	<b>125</b>
<b>Fixed overhead requirement</b>			<b>3,024</b>	<b>2,316</b>
<b>Own funds requirement (Highest)</b>			<b>12,159</b>	<b>2,316</b>
<b>Total capital</b>			<b>40,784</b>	<b>37,165</b>
Surplus capital			28,625	34,849

\* There are no applicable K-factor comparatives as prior to the reporting date capital requirements were calculated in accordance with CRR.

The Company significantly exceeds the minimum capital ratios required to maintain a well-capitalised status and to ensure compliance with regulatory requirements at all times. The Company sets the internal capital target levels higher than the minimum regulatory requirements to ensure there is a buffer which reflects balance sheet volatility. These ratios have been determined to be appropriate, sustainable and consistent with the capital objectives, business model, risk appetite and capital plan.



## 7 Article 51 IFR - Remuneration policy and practices

### 7.1 Governance

The governance of remuneration matters for BNY Mellon and its group entities, including Pershing, is overseen by four committees, each with separate responsibilities in respect of remuneration as summarised below:

**Human Resources and Compensation Committee of BNY Mellon ('HRCC')** is responsible for overseeing BNY Mellon's employee compensation and benefits policies and programmes globally. It reviews and is responsible for the compensation plans, policies and programs in which the senior officers participate and has general oversight for the other incentive, retirement, welfare and equity arrangements for all employees globally. The members of the HRCC are non-executive members of BNY Mellon's Board of Directors, acting on behalf of the BNY Mellon Board of Directors.

**Compensation Oversight Committee of BNY Mellon ('COC')** is responsible for overseeing all incentive plans and regulatory matters related to company incentive plans and ensuring compensation plans are based on sound risk management. It provides governance and risk oversight and advises the HRCC on any compensation risk issues. The members of the COC are senior members of BNY Mellon management, including the Chief Human Resources Officer, the Chief Risk Officer, the Chief Financial Officer and the Head of Compensation & Benefits.

**EMEA Remuneration Advisory Committee ('ERAC')** is a regional governance body which oversees the development and implementation of remuneration policies and practices in line with specific regulatory provisions that apply to EMEA entities as well as ensuring consistency with Company principles.

**Incentive Compensation Review Committee ('ICRC')** is the coordinating body of senior executives responsible for the oversight of the process to evaluate and recommend compensation reductions for all employees. These decisions are based on feedback regarding risk, compliance, audit and legal outcomes as well as situations of an employee engaged in fraud or directly or indirectly to have contributed to a financial restatement or other irregularity. The ICRC is a management-level committee that reports its recommendations to the HRCC. Ex ante adjustments are recommended by the employee's management for review and approval by the committee and ex post adjustments are formulated by the committee. The Chief Human Resources Officer chairs the committee supported by the Global Head of Compensation and Benefits. Voting members include the Chief Executive Officer, Chief Risk Officer, Chief Compliance & Ethics Officer, Chief Auditor, Chief Financial Officer and General Counsel.

The Company has delegated responsibility for overseeing the development and implementation of the Company's remuneration policies and practices in accordance with the relevant remuneration rules to the ERAC.

The implementation of BNY Mellon's remuneration policies is subject to an annual independent internal review by the internal audit function.

## 7.2 Aligning pay with performance

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BNY Mellon's compensation philosophy is to offer a total compensation scheme that supports its values, client focus, integrity, teamwork and excellence. The Company pays for performance, both at the individual and corporate level. The Company values individual and team contributions and rewards based on how both contribute to business results. In support of this philosophy, variable compensation is used as a means of recognising performance.

Through the Company's compensation philosophy and principles, PSIL aligns the interests of its employees and shareholders by encouraging actions that contribute to superior financial performance and long-term shareholder value; by rewarding success; and by ensuring that the Company's incentive compensation arrangements do not encourage its employees to take unnecessary and excessive risks that threaten the value of BNY Mellon or benefit individual employees at the expense of shareholders or other stakeholders. BNY Mellon's compensation structure is comprised of an appropriate mix of fixed and variable compensation that is paid over time. The Company aims to ensure that both fixed and variable compensation are consistent with business and market practice, fixed compensation is sufficient to provide for a fully flexible variable compensation program, and variable compensation is in the form of annual and/or long-term incentives, and, where appropriate, granted over equity to align employee remuneration with that of shareholder growth.

## 7.3 Variable compensation funding and risk adjustment

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The employees of the Company are eligible to be awarded variable compensation but have no entitlement to such awards which are discretionary in nature.

The incentive pools for Investment Services and Corporate Staff functions are discretionary. The baseline pool is determined based on prior year actuals, taking into account growth and productivity savings. The final pool is determined by the CEO and CFO, taking into account a number of factors, including Corporate Performance, Business Performance, Productivity and Risk Management. The pool is subject to adjustment based on overall corporate performance achievement, and awards are made from the pool based on individual performance.

The remuneration for key control functions is set independently of the businesses they oversee and is based primarily on their respective control functions' objectives.

Variable compensation may consist of both cash and equity and both upfront and deferred components and is determined by the functional hierarchy of the business or business partner service to which the individual staff member belongs, and in accordance with the terms and conditions of the incentive compensation plan that is applicable for the business or business partner service.

For MRTs, the variable compensation portion of an award comprises four different parts: upfront cash, upfront equity, deferred cash and deferred equity, in order to comply with local regulations. The deferred compensation component awarded in the form of BNY Mellon restricted stock units aligns a portion of the variable compensation award with the management of longer-term business risk.

Variable compensation is determined by the business performance as outlined above and an individual's performance as measured against feedback, results-based goals and behaviours (BNY Mellon's global competencies and values; Risk & Compliance obligations; and a Diversity/Inclusion goal).

MRTs are subject to an additional layer of performance assessment, referred to as the Risk Culture Summary Scorecard ('RCSS'). The RCSS score for each individual is based on separate ratings of five risk factor areas.

#### 7.4 Deferral policy and vesting criteria

Corporate Policy (General): Awards are delivered to employees entirely in cash (payable shortly after the date of award), except where the employee's total incentive award exceeds a particular threshold (or where they are of a particular level of role). (This is set out in the table below). In this case, a portion of the annual incentive award is deferred over a period of at least four years - this portion vests in equal portions on the first, second, third and fourth anniversary of the date of award (subject to the employee remaining in employment on each of these dates).

Level	Total incentive award (US\$000)				
	< 50.0	50.0 to 149.9	150 to 249.9	250 to 499.9	>= 500.0
J, K and L	—	15.0%	20.0%	25.0%	30.0%
M	—	25.0%	30.0%	35.0%	40.0%
S	—	32.5%	40.0%	45.0%	50.0%

#### 7.5 Ratio between fixed and variable pay

In respect of remuneration to MRTs as determined under the requirements of the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA'), the shareholder of Pershing, The Bank of New York Mellon Corporation, approved an increase in the maximum ratio of Variable to Fixed pay from 100% to 200%. This increase was confirmed by the HRCC on 27 January 2014 on the grounds that the increased ratio would not affect the firm's ability to maintain a sound capital base and allows for appropriate incentivisation and reward in accordance with the Company's Pay for Performance philosophy.

#### 7.6 Fixed remuneration

Fixed remuneration is composed of (i) salary, (ii) any additional non-performance related amounts paid as a result of contractual obligations or applicable law, or as a result of market practice, including role-based allowances, and (iii) any benefits in kind which are awarded as a result of the responsibilities of the job rather than the performance within the job.

The fixed remuneration of an employee is determined by the job performed, its level of complexity and responsibility, and the remuneration paid in the market for that type of job. It is set, for all staff, at a rate to be at all times sufficient to provide for full flexibility with regards to any variable remuneration element, including zero variable remuneration.

Employees who are directors of other BNY Mellon group entities are not remunerated separately in their capacity as a director of those entities. Independent directors of BNY Mellon only receive fixed remuneration, as disclosed in the Company's annual Proxy Statement to shareholders.

## 7.7 Variable remuneration of control function staff

The variable compensation awarded to control function staff (for example: audit, compliance and risk) is dependent on performance that is assessed according to the achievement of objectives specific to their functional role that is independent of the activities they oversee. Remuneration is benchmarked against the market level and funded independently of individual business line results and adjusted based on BNY Mellon's overall annual financial performance.

## 7.8 Quantitative disclosures

Details of the aggregate remuneration<sup>1</sup> of MRTs for the Company (regardless of employing entity) for the year ending 31 December 2021 are presented below.

The remuneration amounts are presented on a gross basis, regardless of the time spent by BNY Mellon staff in respect of the Company.

 **Table 5: REM1 Remuneration awarded for the financial year**

At 31 December 2021 (€000s)		MB Supervisory function	Other identified staff
	<b>Number of identified staff</b>	<b>6</b>	<b>5</b>
Fixed remuneration	<b>Total fixed remuneration</b>	<b>1,316</b>	<b>979</b>
	Of which: cash-based	1,316	979
	<b>Number of identified staff</b>	<b>6</b>	<b>5</b>
	<b>Total variable remuneration</b>	<b>567</b>	<b>641</b>
Variable remuneration	Of which: cash-based	292	373
	Of which: deferred	103	95
	Of which: shares or equivalent ownership interests	275	268
	Of which: deferred	119	126
<b>Total remuneration</b>		<b>1,883</b>	<b>1,620</b>

<sup>1</sup> Includes base salary and other cash allowances, plus any incentive awarded for full year 2021. Pension contribution is not included.

In regards to 2021 awards, the Company did not award any sign-on payments or severance packages.



This table shows the total deferred remuneration<sup>2,3</sup> for MRTs outstanding from previous years.

Deferred and retained remuneration At 31 December 2021 (€000s)	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
<b>MB Supervisory function</b>	<b>890</b>	<b>214</b>	<b>676</b>	<b>214</b>	<b>177</b>
Cash-based	155	37	118	37	—
Shares or equivalent ownership interests	735	177	558	177	177
<b>Other identified staff</b>	<b>1,281</b>	<b>288</b>	<b>993</b>	<b>288</b>	<b>288</b>
Cash-based	85	—	85	—	—
Shares or equivalent ownership interests	1,196	288	908	288	288
<b>Total amount</b>	<b>2,171</b>	<b>502</b>	<b>1,669</b>	<b>502</b>	<b>465</b>

<sup>2</sup> Includes total vested cash and equity. Equity portion is valued as at the date the award vested.

<sup>3</sup> Total unvested equity is valued as at 1 February 2022.

Note: Selected non-applicable rows have not been presented.

In regards to 2021, there were also no individuals remunerated EUR 1 million or more.



At 31 December 2021 (€000s)	Management body remuneration		Business areas		Total
	MB Supervisory function	Total MB	Corporate functions	Independent internal control functions	
<b>Total number of identified staff</b>					<b>11</b>
Of which: members of the MB	6	6			
Of which: other senior management					
Of which: other identified staff			2	3	
<b>Total remuneration of identified staff</b>	<b>1,883</b>	<b>1,883</b>	<b>1,043</b>	<b>577</b>	
Of which: variable remuneration	567	567	512	129	
Of which: fixed remuneration	1,316	1,316	531	448	

Note: There are no identified staff members applicable to the investment or retail banking and asset management business areas. Consequently, these columns have not been disclosed.

## 8 Article 53 IFR - Environmental, social and governance risks

PSIL does not meet the relevant criteria to make disclosures in accordance with the requirements of Article 53 IFR however the Company recognises the importance of maintaining a deep understanding of all risk drivers and vulnerabilities that may exist. Climate change represents a key risk driver that may have significant impacts on the global economy, the finance sector, and PSIL's diverse network of stakeholders over the short, medium, and long term, and therefore constitutes a risk to its balance sheet, business model and future profitability.

As an extension of PSIL's driving philosophy to 'Consider Everything', PSIL is committed to understanding and addressing all potential internal and external sources of risk. This includes climate change related risks which may be both physical (e.g., extreme weather events such as floods or wildfires) and transitional (e.g., higher cost of doing business, changing stakeholder expectations, regulation, public policy, legal or technology changes). Climate change-related risks represent a potentially material risk driver that may impact the likelihood and/or severity of risk events across all risk categories to which PSIL is exposed through ongoing execution of its business strategy.

PSIL's risk management approach continues to evolve to explicitly consider impacts of climate change-related physical, and transitional risks across the portfolio, affecting its stakeholders, processes, products, and services. PSIL's ultimate parent, BNY Mellon, has implemented the Task Force for Climate-related Financial Disclosures ('TCFD') recommendations to publicly formalise the integration and communication of risk management related to climate change. PSIL remains committed to the development of programs that help it reduce the carbon footprint of its operations, manage the risks that arise from climate change in its role as a global financial services provider, and enable the transition to an environmentally conscious world. PSIL's goals include effectively managing natural resource use, such as energy, water and paper, and the production of greenhouse gas emissions and waste, as well as providing best-in-class client solutions to the global ESG community through ESG solution offerings, empowering ESG investors and enabling ESG-centric financing.

PSIL will continue to recognise and consider climate change-related risks in the execution of its business objectives and risk taking, including the development of new products and services, and as its strategies and steers the future of the Company.

## Appendix 1 - Other risks

### Group risk

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Group risk is the risk that the financial position of PSIL may be adversely affected by its relationships and arrangements (financial or non-financial) with other entities in the BNY Mellon group or by risk that may affect the whole group.

PSIL maintains appropriate oversight and ownership of all processes and activities outsourced to other group entities. Because group risk typically arises as a consequence of another risk event and, as such, PSIL considers group impact as part of its overall risk management process.

### Business and financial risk

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Business risk is the risk to PSIL arising from changes in its business including the acute risk to earnings posed by falling or volatile income; and the broader risk of PSIL's business model or strategy proving inappropriate due to macroeconomic, geopolitical, industry, regulatory or other factors; or its remuneration policy.

The PSIL business model has been clearly defined, in place for a number of years, is relatively transparent and contained within its business sector. This is not envisaged to change.

### Residual risk

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Residual risk may arise from the partial performance or failure of credit risk mitigation techniques for reasons, such as ineffective documentation, a delay in payment or the inability to realise collateral held by the underlying client in a timely manner.

Given the nature of PSIL's business, residual risk occurs only in respect of the right to use securities as collateral, therefore, includes the potential impact of residual risk.

### Compliance and conduct risk

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#### Compliance risk

Compliance risk covers the risk relating to earnings or capital from violation, or non-conformance with laws, rules, regulations, prescribed practices or ethical standards which may, in turn, expose the firm and its executives to fines, payment of damages, the voiding of contracts and damaged reputation.

The Company's compliance arrangements are inherently risk-based. The arrangements are supported by regular compliance assessments which identify and measure areas of compliance risk and help drive the Compliance Monitoring plan which focuses on those areas of the business identified as being of higher risk. The compliance arrangements also include a programme to identify and support the implementation of regulatory change items of relevance to the firm. In addition, the Company ensures that all staff receive adequate compliance training so that they understand their regulatory responsibilities and the relevance of compliance risk to their roles.

#### Conduct risk

Conduct risk is defined as the risk that detriment is caused to clients, the market, the Company or its employees because of inappropriate execution of PSIL's business activities or inappropriate behaviour by the Company or its employees.

The Company is subject to the Group Conduct Risk Policy and Code of Conduct. It sets out clear expectations of the roles of senior management in setting the appropriate tone and includes examples of good and poor conduct. Employees receive periodic training on conduct related matters and are required to complete an annual process to confirm adherence to the Code of Conduct. Conduct related management information is captured and provided to the Pershing Risk Committee and reviews of conduct related matters can be included in the scope of Compliance Monitoring and/or Internal Audit assurance reviews.



## Operational risk

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Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events and includes legal risk.

An independent Operational Risk Management ('ORM') function is responsible for the oversight of the operational risk framework and partnering with the business to management their operational risk.

PSIL seeks to manage operational risk through a collection of complementary processes which are designed to enable risk to be consistently identified, measured, managed and ultimately reported through the governance structure.

Operational risk is managed within the limits set by the PSIL RAS. The RCSA identifies and scores key risk for materiality, along with a measure of the associated control effectiveness, both in terms of design and operation. Risks and associated controls are monitored using an array of key risk indicators and an ongoing analysis of Operational Risk Event reports by both business function and ORM. A number of key operational controls are tested through the annual Compliance Monitoring plan and internal control testing as well as being independently audited through the ISAE 3402 Service Auditor's Assurance Report conducted by KPMG LLP.

## Appendix 2 - Glossary of terms

The following acronyms are a range of terms which may be used in BNY Mellon EMEA public disclosures:

Acronym	Description	Acronym	Description
ABS	Asset-Backed Securities	CGB	CASS Governance Body
ACPR	Autorite de Controle Prudentiel et de Resolution	CIS	Collective Investment Scheme
AFR	Available Financial Resources	CMA	Capital Market Authority
AIF	Alternative Investment Fund	COC	Compensation Oversight Committee
ALCO	Asset and Liability Committee	COOC	CASS Operational Oversight Committee
AML	Anti-Money Laundering	COREP	Common Reporting
AS	Asset Servicing	CQS	Credit Quality Steps
AT1	Additional Tier 1	CRD	Capital Requirements Directive
AUC	Assets Under Custody	CRM	Credit Risk Mitigation
BAC	Business Acceptance Committee	CRO	Chief Risk Officer
BAU	Business as usual	CROC	Credit Risk Oversight Committee
BaFin	Federal Financial Supervisory Authority / Bundesanstalt für Finanzdienstleistungsaufsicht	CRR	Capital Requirements Regulation
BDAS	Broker-Dealer and Advisory Services	CSD	Client Service Delivery
BDF	Banque De France	CSRSFI	Committee for Systemic Risks and System-relevant Financial Institutions
BEMCO	Belgium Management Council	CSSF	Commission de Surveillance du Secteur Financier
BI	Banca D'Italia	CSTC	Capital and Stress Testing Committee
BNY Mellon	The Bank of New York Mellon Corporation	CT	Corporate Trust
BNY Mellon SA/NV	The Bank of New York Mellon SA/NV	CTS	Client Technology Solutions
BNY Mellon TDUKL	BNY Mellon Trust & Depositary (UK) Limited	DB	Deutsche Bank
BNYIFC	BNY International Financing Corporation	DNB	De Nederlandsche Bank
BNY Mellon KG	BNY Mellon Service Kapitalanlage-Gesellschaft mbH	DVP	Delivery versus Payment
BRC	Business Risk Committee	EAD	Exposure at default
CASS	Client Asset Sourcebook Rules	EC	European Commission
CBI	Central Bank of Ireland	ECL	Expected Credit Losses
CCF	Credit Conversion Factor	ECAP	Economic Capital
CEO	Chief Executive Officer	ECB	European Central Bank
CEF	Critical Economic Function	ECM	Embedded Control Management
CET1	Common Equity Tier 1	EEC	EMEA Executive Committee
		EHQLA	Extremely High Quality Liquid Assets
		EMEA	Europe, Middle East and Africa
		ERGC	EMEA Remuneration Governance Committee



Acronym	Description	Acronym	Description
ESRMC	EMEA Senior Risk Management Committee	ISDA	International Swaps and Derivatives Association
EU	European Union	ISM	Investment Services and Markets
EUR	Euro	ILG	Individual Liquidity Guidance
EWI	Early Warning Indicators	IRRBB	Interest Rate Risk on Banking Book
ExCo	Executive Committee	IMMS	International Money Management System
FCA	Financial Conduct Authority	ISDA	International Swaps and Derivatives Association
FMUs	Financial market utilities	ISM	Investment Services and Markets
FoP	Free of payment	IT	Information Technology
FRS	Financial Reporting Standard	IWG	ICAAP/ICARA working group
FSMA	Financial Services and Markets Authority	JFSC	Jersey Financial Services Commission
FX	Foreign Exchange	KRI	Key Risk Indicator
G-SIFI	Global Systemically Important Financial Institution	KYC	Know your customer
GCA	Global Custody Agreement	LAB	Liquidity Asset Buffer
GSP	Global Securities Processing	LCR	Liquidity Coverage Ratio
HLA	High-level Assessment	LERO	Legal Entity Risk Officer
HQLA	High Quality Liquid Assets	LOB	Line of Business
HRCC	Human Resources Compensation Committee	LOD	Line of Defense
IAS	International Accounting Standards	MiFID II	Markets in Financial Instruments Directive II
IASB	International Accounting Standards Board	MNA	Master Netting Agreements
ICA	Internal Capital Assessment	MRMG	Model Risk Management Group
ICAAP	Internal Capital Adequacy Assessment Process	MRT	Material Risk Taker
ICARA	Internal Capital and Risk Assessment	MtM	Mark-to-market
ICRC	Incentive Compensation Review Committee	NAV	Net Asset Value
ICROC	Ireland Compliance, Risk and Oversight Committee	NBB	National Bank of Belgium
IFD	Investment Firms Directive	NoCo	Nomination Committee
IFR	Investment Firms Regulation	NSFR	Net Stable Funding Ratio
IFRS	International Financial Reporting Standards	O-SII	Other systemically important institution
ILAAP	Internal Liquidity Adequacy Assessment Process	OCI	Other Comprehensive Income
ILG	Individual Liquidity Guidance	OEICs	Open-ended Investment Companies
IRRBB	Interest Rate Risk on Banking Book	ORE	Operational risk event
IMMS	International Money Management System	ORMF	Operational Risk Management Framework
		ORSA	Operational Risk Scenario Analysis
		OTC	Over the counter
		P/L	Profit and Loss



Acronym	Description
PFE	Potential Future Exposure
PLC	Pershing Limited Consolidated
PRA	Prudential Regulatory Authority
RAS	Risk Appetite Statement
RCoB	Risk Committee of the Board
RCSA	Risk and Control Self-Assessment
RM	Risk Manager
RMC	Risk Management Committee
RMP	Risk Management Platform
RRP	Recovery and Resolution Planning
RW	Risk-weight
RWA	Risk Weighted Assets
SA	Standardised Approach

Acronym	Description
SFT	Security Financing Transaction
SLD	Service Level Description
SREP	Supervisory review and evaluation process
SRO	Senior Risk Officer
T&D	Trust & Depository
T1 / T2	Tier 1 / Tier 2
TCFD	Task Force for Climate-related Financial Disclosures
TCR	Total Capital Requirements
TRC	Technology Risk Committee
TLAC	Total Loss-Absorbing Capacity
UCITS	Undertakings for Collective Investment in Transferable Securities
VaR	Value-at-Risk

The following terms may be used across BNY Mellon EMEA Pillar 3 disclosures:

**Ad valorem:** Method for charging fees according to the value of goods and services, instead of by a fixed rate, or by weight or quantity. Latin for, [according] to the value

**Basel III:** The capital reforms and introduction of a global liquidity standard proposed by the Basel Committee on Banking Supervision ('BCBS') in 2020

**BIPRU:** Prudential sourcebook for banks, building societies and investment firms

**Brexit:** The United Kingdom's referendum decision to leave the EU

**CRD V:** On 27 June 2013, the European Commission first published, through the Official Journal of the European Union, its legislation for a Capital Requirements Directive ('CRD') and Capital Requirements Regulation ('CRR'), which together form the CRD package. The package implements the Basel III reforms in addition to the inclusion of new proposals on sanctions for non-compliance with prudential rules, corporate governance and remuneration. The latest iteration, CRD V & CRR II, applies from 28 June 2021 onwards, with certain requirements set to be phased in

**Capital Requirements Directive ('CRD'):** A capital adequacy legislative package issued by the European Commission and adopted by EU member states calibrated to institutions

**Capital Requirements Regulation ('CRR'):** Regulation that is directly applicable to anyone in the European Union and is not transposed into national law

**Common Equity Tier 1 capital:** The highest quality form of regulatory capital under Basel III comprising common shares issued and related share premium, retained earnings and other reserves excluding the cash flow hedging reserve, less specified regulatory adjustments

**Core Tier 1 capital:** Called-up share capital and eligible reserves plus equity non-controlling interests, less intangible assets and other regulatory deductions

**Credit risk mitigation ('CRM'):** A technique to reduce the credit risk associated with an exposure by application of credit risk mitigants such as collateral, guarantees and credit protection

**Derivatives:** A derivative is a financial instrument that derives its value from one or more underlying assets, for example bonds or currencies

**Exposure:** A claim, contingent claim or position which carries a risk of financial loss

**Exposure at default ('EAD'):** The amount expected to be outstanding, after any credit risk mitigation, if and when a counterparty defaults. EAD reflects drawn balances as well as allowance for undrawn amounts of commitments and contingent exposures over a one-year time horizon



**Financial Conduct Authority ('FCA'):** The Financial Conduct Authority regulates the conduct of financial firms and, for certain firms, prudential standards in the UK. It has a strategic objective to ensure that the relevant markets function well

**High-level Assessment ('HLA'):** An assessment of the quality of controls in place to mitigate risk and residual risk. Residual risk is assessed as high, moderate to high, moderate, moderate to low and low with direction anticipated

**Investment Firms Directive ('IFD'):** A capital adequacy legislative package issued by the European Commission and adopted by EU member states calibrated to Investment Firms

**Investment Firms Regulation ('IFR'):** Regulation that is directly applicable to anyone in the European Union in respect of the application of IFD

**Institutions:** Under the Standardised Approach, institutions are classified as credit institutions or investment firms

**Internal Capital Adequacy Assessment Process ('ICAAP'):** The group's own assessment of the levels of capital that it needs to hold through an examination of its risk profile from regulatory and economic capital viewpoints

**ISDA Master Agreement:** A document that outlines the terms applied to a derivatives transaction between two parties. Once the two parties have agreed to the standard terms, they do not have to renegotiate each time a new transaction is entered into

**Key Risk Indicator ('KRI'):** Key Risk Indicators are used by business lines to evaluate control effectiveness and residual risk within a business process

**Master Netting Agreement:** An agreement between two counterparties that have multiple contracts with each other that provides for the net settlement of all contracts through a single payment in the event of default or termination of any one contract

**Pillar 3:** The part of Basel III that sets out information banks must disclose about their risks, the amount of capital required to absorb them and their approach to risk management. The aim is to encourage market discipline and improve the information made available to the market

**Public Disclosures:** The part of IFR that sets out information investment firms must disclose about their risks, the amount of own funds required to absorb them and their approach to risk management. The aim is to encourage market discipline and improve the information made available to the market.

**Prudential Regulation Authority ('PRA'):** The statutory body responsible for the prudential supervision of banks, building societies, credit unions, insurers and major investment firms in the UK. The PRA is a subsidiary of the Bank of England

**Residual maturity:** The period outstanding from the reporting date to the maturity or end date of an exposure

**Risk appetite:** A definition of the types and quantum of risks to which the firm wishes to be exposed

**Risk and Control Self-Assessment ('RCSA'):** Risk and Control Self-Assessment is used by business lines to identify risks associated with their key business processes and to complete a detailed assessment of the risk and associated controls

**Risk Governance Framework:** The risk governance framework has been developed in conjunction with BNY Mellon requirements. Key elements of the framework are:

- Formal governance committees, with mandates and defined attendees
- Clearly defined escalation processes, both informally (management lines) and formally (governance committees, board, etc.)
- A clear business as usual process for identification, management and control of risks
- Regular reporting of risk issues

**Risk Management Committee ('RMC'):** A committee which meets monthly to provide governance on risk related items arising from the business of the group

**Risk-weighted Assets ('RWA'):** Assets that are adjusted for their associated risks using weightings established in accordance with CRD IV requirements

**Standardised Approach ('SA'):** Method used to calculate credit risk capital requirements using the Basel III, CRD IV, CRR model supplied by the BCBS. The SA model uses external credit assessment institution ratings and supervisory risk weights supplied by external credit assessment agencies

**Tier 2 capital:** A component of regulatory capital under Basel III, mainly comprising qualifying subordinated loan capital, related non-controlling interests and eligible collective impairment allowances

**Value-at-Risk ('VaR'):** A measure of the potential loss at a specified confidence level from adverse market movements in an ordinary market environment



## Appendix 3 - IFR reference

IFR ref.	Requirement summary	Compliance ref. applicable at 31 December 2021	Page ref.
<i>Scope</i>			
46 (1)	Investment firms that do not meet the conditions for qualifying as small and non-interconnected investment firms shall publicly disclose the information on the same date as they publish their annual financial statements.	PSIL does not qualify as small and non-interconnected.	N/A
46 (2)	Investment firms that meet the conditions for qualifying as small and non-interconnected investment firms shall publicly disclose the information set out in Articles 47, 49 and 50 on the same date as they publish their annual financial statements.	N/A	N/A
46 (3)	Where an investment firm no longer meets all the conditions for qualifying as a small and non-interconnected investment firm, it shall publicly disclose the information as of the financial year following the financial year in which it ceased to meet those conditions.	N/A	N/A
46 (4)	All disclosures shall be provided in one medium or location, where possible.	1.3 Frequency and means of disclosure	5
<i>Risk management objectives and policies</i>			
47	Investment firms shall disclose their risk management objectives and policies for each separate category of risk set out in Parts Three, Four and Five, including a summary of the strategies and processes to manage those risks and a concise risk statement approved by the investment firm's management body succinctly describing the investment firm's overall risk profile associated with the business strategy.	2.1 Risk statement	11
		2.4 Risk management objectives and policies	10
		2.5 Risk management framework	15
		2.6 Risk appetite	15
		2.7 Stress testing	16
		3 Own Funds requirement	16
		3.1 Risk to Client	17
		3.2 Risk to Market	17
		3.3 Risk to Firm	17
		4 Concentration risk	18
5 Liquidity risk	19		
<i>Governance</i>			
48 (a)	The number of directorships held by members of the management body.		
48 (b)	Policy on diversity with regard to the selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved.	2.2 Board of Directors	11
48 (c)	Whether or not the investment firm has set up a separate risk committee and the number of times the risk committee has met annually.	2.3 Risk committees	12
<i>Own funds</i>			
49 (1) (a)	A full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and applicable filters and deductions applied to own funds and the balance sheet in the audited financial statements of the investment firm.	Table 1: CC1 Composition of regulatory own funds	21
		Table 2: CC2 Reconciliation of capital to the audited financial statements	22
49 (1) (b)	A description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the investment firm.	Table 3: CCA Main features of capital	23
49 (1) (c)	A description of all restrictions applied to the calculation of own funds and the instruments and deductions to which those restrictions apply.	6.1 Restrictions	23



IFR ref.	Requirement summary	Compliance ref. applicable at 31 December 2021	Page ref.
49 (2)	EBA shall develop draft implementing technical standards to specify templates for disclosure under points (a), (b) and (c) of paragraph 1.	N/A	N/A
<i>Own funds requirements</i>			
50 (a)	Summary of the investment firm's approach to assessing the adequacy of its internal capital to support current and future activities	6.2 Internal Capital Adequacy and Risk Assessment	23
50 (b)	Upon a request from the competent authority, the result of the investment firm's internal capital adequacy assessment process, including the composition of the additional own funds based on the supervisory review process.		
50 (c)	K-factor requirements in aggregate form for RtM, RtF, and RtC, based on the sum of the applicable K-factors.	Table 4: K-factor and Fixed Overhead capital requirements	24
50 (d)	The fixed overheads requirement.		
<i>Remuneration policy and practices</i>			
51 (a)	The most important design characteristics of the remuneration system, including the level of variable remuneration and criteria for awarding variable remuneration, payout in instruments policy, deferral policy and vesting criteria.	7 Article 51 IFR - Remuneration policy and practices	25
51 (b)	The ratios between fixed and variable remuneration.	7.5 Ratio between fixed and variable pay	27
51 (c) (i)	The amounts of remuneration awarded in the financial year, split into fixed remuneration, including a description of the fixed components, and variable remuneration, and the number of beneficiaries.	Table 5: REM1 Remuneration awarded for the financial year	28
51 (c) (ii)	The amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and for the deferred part;		
51 (c) (iii)	The amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years.	Table 6: REM3 Deferred remuneration	29
51 (c) (iv)	The amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments.		
51 (c) (v)	The guaranteed variable remuneration awards during the financial year and the number of beneficiaries of those awards.		
51 (c) (vi)	The severance payments awarded in previous periods, that have been paid out during the financial year.	N/A	N/A
51 (c) (vii)	The amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and the highest payment that has been awarded to a single person.		
51 (d)	Information on whether the investment firm benefits from a derogation laid down in Article 32(4) of Directive (EU) 2019/2034.	N/A	N/A

IFR ref.	Requirement summary	Compliance ref. applicable at 31 December 2021	Page ref.
<i>Investment policy</i>			
52 (1)	Investment firms which do not meet the criteria referred to in point (a) of Article 32 (4) of Directive (EU) 2019/2034 shall disclose the following:		N/A
52 (1) (a)	The proportion of voting rights attached to the shares held directly or indirectly by the investment firm, broken down by Member State and sector		N/A
52 (1) (b)	A complete description of voting behaviour in the general meetings of companies the shares of which are held in accordance with paragraph 2, an explanation of the votes, and the ratio of proposals put forward by the administrative or management body of the company which the investment firm has approved.		N/A
52 (1) (c)	An explanation of the use of proxy advisor firms.	N/A - PSIL meets the criteria laid out in Article 32 (4) (a) IFD	N/A
52 (1) (d)	The voting guidelines regarding the companies the shares of which are held in accordance with paragraph 2.		N/A
52 (2)	The investment firm shall comply with that paragraph only in respect of each company whose shares are admitted to trading on a regulated market and only in respect of those shares to which voting rights are attached, where the proportion of voting rights that the investment firm directly or indirectly holds exceeds the threshold of 5 % of all voting rights attached to the shares issued by the company. Voting rights shall be calculated on the basis of all shares to which voting rights are attached, even if the exercise of those voting rights is suspended.		N/A
52 (3)	EBA shall develop draft regulatory technical standards to specify templates for disclosure under paragraph 1.		N/A
<i>Environment, social and governance risks</i>			
53	From 26 December 2022, investment firms which do not meet the criteria referred to in Article 32 (4) of Directive (EU) 2019/2034 shall disclose information on environmental, social and governance risks, including physical risks and transition risks, as defined in the report referred to in Article 35 of Directive (EU) 2019/2034.	8 Article 53 IFR - Environmental, social and governance risks Note: PSIL meets the criteria laid out in Article 32 (4) (a) IFD	30 N/A
53	The information referred to in the first paragraph shall be disclosed once in the first year and biannually thereafter.		N/A





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