MIFIDPRU Annual Disclosures

Guy Butler Limited

Guy Butler Limited (190911)

For the Financial Year Ended 31/03/2022

Contents

1. Overview

Introduction

This Disclosure document sets out the governance arrangements of Guy Butler Limited (“GBL”, “the Firm”), own funds and own funds requirements as required by MIFIDPRU 8.

Background

The Investment Firms Prudential Regime (IFPR) came into force on 1 January 2022 and applies to all MiFID investment firms authorised in the UK.

Under the IFPR’s firm categorisation, GBL is categorised as a Non-SNI MIFIDPRU Investment Firm.

The public disclosure is an important part of the IFPR because it increases transparency and confidence in the market and gives stakeholders and market participants an insight into how the Firm is run.

2. Governance arrangements

The Firm has governance arrangements, which include a clear organisational structure with appropriate lines of responsibility and effective processes to identify, manage, monitor and report the risks that it is, or might be, exposed to.

The Firm is managed by its Management Committee and Board of Directors whose reporting lines are defined within the organisation structure. The firm ensures that the members of the Management Committee and Board of Directors possess sufficient knowledge, skills and experience to perform their duties (as well as a sound understanding of the Firm's activities and main risks). The Firm ensures that it dedicates sufficient resources to the induction and ongoing training of members of the Management Committee and Board of Directors.

Risk management is implemented and overseen by GBL's Management Committee and Board of Directors. The Board comprises of seven senior individuals of the business. Day to day running of the business is delegated to the Management Committee, which comprises all board members with the exception of the Chairman. The Management Committee formally meets quarterly. It is the responsibility of each of the senior individuals at GBL to identify any new risk, or if a risk is crystalising, and report these risks to the Chief Operating Officer who will then collate these risks and report them to the Board.

The risks are reviewed annually by the Management Committee unless a specific risk issue has arisen, or in the view of the Chief Operating Officer a specific risk has changed, in which case an update of the Risks will take place. This Risk Assessment is prepared by the Chief Operating Officer and circulated prior to the relevant Management Committee meeting and the Committee review and assess each risk considering the impact of each risk and the likelihood of that risk crystalising before deciding how to manage and / or mitigate these risks. Where applicable, GBL will detail the reason why this risk cannot be completely mitigated or controlled under 'residual risk'.

The Management Committee and Board of Directors meets at least four times per calendar year

Directorships

The table below relates to the appointments of directors, in both executive and non-executive capacities, held at external commercial organisations as at 31/03/2022.

SMF / Role	Name	Number of Other External Directorships
SMF 1, SMF 3	Mark Reynolds	0
SMF3, SMF16, SMF17	Nicholas Dargan	0
SMF 3	Peter Evans	0
SMF 3	Paul Curtis Haywood	1
SMF 3	Andrew Blackwell	0
SMF 3	Jonathan Stone	0
SMF 3	David Mindel	1

Diversity

The Firm recognises that diversity of the Management Committee and Board of Directors improves the quality and objectivity of the decision-making process by bringing new voices to the table. It fosters innovation, creativity and a better understanding of customer insights through a greater variety of problem-solving approaches, perspectives and ideas.

The Firm approaches diversity in the broadest sense, recognising that successful businesses embrace diversity at all levels, including the Management Committee and Board of Directors and senior management. The Firm's Management Committee and Board of Directors considers diversity aspects including but not limited to:

- Ethnicity
- Gender
- Educational and professional background
- Age
- Geographical provenance

Conflicts of Interest

GBL has a Conflicts of Interest Policy which identifies the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients, whilst specifying the procedures to be followed and the measures to adopt to manage the conflicts. The Management Committee and Board of Directors reviews GBL's conflicts of interest register and policy periodically and at least annually.

3. Own Funds Disclosure

GBL's regulatory capital consists of Common Equity Tier 1 (CET 1) capital, which is comprised of share capital, other audited reserves and retained earnings.

GBL is required by MIFIDPRU 8.4 to provide a breakdown of its Own Funds instruments and to provide information on how these reconcile with the Firm's balance sheet. Furthermore, the Firm is required to disclose a description of the main features of the Own Fund instruments it has issued.

The firm does not hold any Additional Tier 1 (AT1) or Tier 2 (T2) Capital. The table below summarises the firm's capital and liquidity situation against its regulatory capital requirements as at 31/03/2022.

Where totals are zero these have been omitted for clarity.

	Table 1 - Composition of regulatory own funds	**As at 31/03/2022 ('000s)**
	Own Funds Total	9,685
	T1 Total	9,685
	CET 1 Total	9,685
1	Paid up capital instruments	1,638
2	Share premium accounts	0
3	Retained earnings	8,047
4	Accumulated other comprehensive income	0
5	Other reserves	0
6	Funds for general banking risk	0
	AT 1 Total	0
11	Capital instruments (where the conditions laid down in Article 52(1) are met)	0
12	Share premium accounts (related to the instruments above are met)	0
13	Art 56 deductions (inc holdings)	0
	T2 Total	0
14	Capital instruments (where the conditions laid down in Article 63 are met and to the extent specified in Article 64)	0
15	Share premium accounts (related to the instruments above are met)	0
	Less	
16	Art 66 deductions (inc holdings)	0

Table 2 - Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements			
	Balance sheet as in audited financial statements	**Under regulatory scope**	**Cross reference to Table 1**
	As at 31/03/2022 ('000s)	As at 31/03/2022 ('000s)	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
Retained earnings	0	8,047	3
Accumulated other comprehensive income	7,355	0	4
Other reserves	3,094	0	5
Funds for general banking risk	0	0	6
Fixed assets	1,390		
Total	11,839	8,047	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
Trade Creditors	16		
Corporation Tax	80		
Other taxation and social security	66		
Other creditors	6		
Accruals and deferred income	1,583		
Financial Instruments	67		
Total	1,818		
Shareholders' Equity			
Paid up capital instruments	1638	1,638	1
Share premium accounts	0	0	2
Capital Redemption Reserve	336		
Profit and Loss account	8,047		
Total	10,021	1638	3

Table 3 Main Features of Own Funds Instruments	
Initial Capital	Instrument Type: Amount Recognised in Regulatory Capital: Nominal amount of instrument: Accounting Classification:
Reserves	Instrument Type: Amount Recognised in Regulatory Capital: Nominal amount of instrument: Accounting Classification:
Retained Earnings	Instrument Type: Amount Recognised in Regulatory Capital: Nominal amount of instrument: Accounting Classification:

4. Own Funds Requirements

GBL must disclose its K-Factor requirement and Fixed Overheads Requirement amounts in relation to its compliance with the requirements set out in MIFIDPRU 4.3 (Own Funds Requirements).

Own Funds Requirement	As at 31/03/2022 ('000s)
Permanent Minimum Requirement (PMR)	750k
Sum of K-AUM, K-CMH and K-ASA	0k
Sum of K-COH and K-DTF	34k
Sum of K-NPR, K-CMG, K-TCD and K-CON	50k
Fixed Overhead Requirement (FOR)	958
IFPR Capital Requirement	958

Overall financial adequacy rule

GBL must at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

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

Risk of harms analysis

The Firm analyses its risk of harms to clients, market and itself through its risk assessment framework. Fundamental to this is the Firm's risk and harms matrix which identifies risks that the firm's business could give rise to. Each categorised risk holds a description of the harm that crystallisation of the risk event could visit on the three broad categories of entities interacting with the firm; clients, market and firm itself. Each categorised risk is then graded with measures of harm and severity of consequence before and after controls and mitigations are put in place.

This methodology also codifies a means of allocating capital provision at the risk category level in order to inform the Firm of its own analysis capital requirement in comparison to its Own Funds requirement.

The current methodology for capital allocation involves the allocation of impact bands on a per risk driver basis, alongside harm mitigation costs. Within each category of risk (i.e. group of drivers), the highest impact is taken as a basis for capital allocation.

Wind Down Capital Requirement

The firm has carried out wind-down simulation within its ICARA with the aim of establishing the amount of regulatory capital and liquidity needed to ensure the firm winds down in an orderly manner. As part of the wind-down simulation, the firm identifies the cost and time for the firm to effectively wind down its operations if a significant stressed event was to either breach the Own Funds requirement or, if for whatever reason, the firm's management body decided to cease operations.