

coremont

IFPR: MIFIDPRU
Annual Disclosures
Coremont LLP

For the year ended 31st March 2022



Background

The disclosures in this document related to Coremont LLP ("Coremont") which is a non-SNI MIFIDPRU Investment Firm authorised and regulated by the Financial Conduct Authority.

The following disclosures are provided pursuant to the requirements described in MIFIDPRU, taking account of the FCA's transitional provisions for disclosure requirements contained in MIFIDPRU TP12, which limit requirements to Governance, Own Funds and Own Funds Requirements.

These disclosures are published on at least an annual basis in line with the annual publication of Coremont's audited financial statements, with reference point 31 March 2022. Revised disclosures will be published should significant changes occur to Coremont's business model. None of the disclosures have been audited and they have been produced solely for the purposes of satisfying MIFPRU requirements.

These disclosures are published on the Coremont website: <https://www.coremont.com>

Governance Arrangements

Executive Committee

The Coremont Executive Committee is the management committee responsible for defining, overseeing and implementing governance arrangements within Coremont. The Executive Committee meets at least four times per calendar year reporting into a Board of members.

The Executive Committee is responsible for supervising the effective and prudent management of the business and affairs of the LLP and for ensuring the LLP has a robust corporate governance structure with well-defined, transparent and consistent lines of accountability. This includes oversight of the LLP's risk framework and internal controls. It also includes segregation of duties within the business and the identification and management of conflicts of interest.

The Executive Committee acts in the best interests of the LLP and in a way to promote the integrity of the market and the interests of clients. The Executive Committee is directly accountable to the members of the LLP, but must also consider the interests of its clients, employees and other stakeholders. Coremont does not have a separate Risk Committee, but the Executive Committee may delegate review and monitoring to the Technology & Security Committee. The Executive Committee may also rely on the advice, reports and opinions of consultants, counsel, accountants, auditors and other expert advisers.

Directorships

Coremont can confirm that no members of the Executive Committee currently hold any directorships, which should be disclosed under the requirements of MIFIDPRU chapter 8. Furthermore, no modifications or waivers have been required to be granted by the FCA in order to allow any Executive Committee member to hold additional directorships.

Diversity

The Executive Committee's diversity policy states that a committee made up of highly qualified members from diverse backgrounds who reflect the changing population demographics of the markets in which the LLP operates, the talent available with the required expertise and the LLP's evolving client and employee base, promotes better corporate governance. In reviewing its composition, the Executive Committee consider the benefits of having a broad range of views, experiences, skills, backgrounds and values represented.

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

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

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

Coremont's approach and efforts to achieve diverse representation are based on promoting the Diversity and Inclusion ("D&I") framework in place across the organisation. This aims to foster a culture in which all employees feel safe, included, valued and respected. We embrace the unique contributions of everyone at Coremont and empower them to deliver value for our diverse clients and community.

Coremont's Own Funds

Coremont's regulatory capital consists entirely of Members' capital classified as equity, which is Common Equity Tier 1 capital, the highest form of Tier 1 capital. The following tables below, in compliance with MIFIDPRU disclosure requirements, disclose:

1. the composition of Coremont's own funds
2. a reconciliation of own funds to the capital in the balance sheet as per the audited financial statement of the firm, followed by:
3. a description of the main feature of the CET1 capital issued by the Firm. The tables are based on Coremont's Member's Report and Financial Statements as at 31 March 2022.

Own funds: main features of own instruments issued by the firm

Table 1 Composition of regulatory own funds

	Item	Amount (GBP thousands)	Source
1.	Own funds	21,257	Member's capital
2.	Tier 1 capital	21,257	Member's capital
3.	Common equity tier 1 capital	21,257	Member's capital
4.	Fully paid up capital instruments		

* Source based on reference numbers/ letters of the balance sheet in the audited financial statements.

Table 2- Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements as at 31 March 2022

Assets- Breakdown by asset classed according to the balance sheet in the audited financial statements (GBP thousands)		
1.	Trade and other receivables	17,282
2.	Cash	6,700
Total Assets		23,982

Liabilities- Breakdown by liability classes according to the balance sheet in the audited financial statements (GBP thousands)		
1.	Trade and other payables	6,758
2.	Members capital classified as a liability	-
Total Liabilities		6,758

1.	Members' capital classified as equity	21,257
2.	Other reserves classified as equity	-
Total Members Interest classified as equity		21,257

Own funds: main features of own instruments issued by the firm

Corporate Member's capital is only repayable on either the winding up or the sale of the LLP and is paid out of a surplus of assets or sale proceeds following settlement of all creditor liabilities, in addition to expenses of the winding up or sale respectively. The Members have concluded that due to the residual and discretionary basis of the Corporate Member's capital repayment, the Capital is considered equity in nature, and on this basis has been classified in the Statement of Financial Position as Member's capital classified as equity. Members are required to make capital contributions in accordance with the LLP Deed as determined by the LLP Board. No member is entitled to receive interest on their capital contribution. The LLP Board can determine to return capital contributions to Members provided sufficient regulatory capital exists and the transaction is approved by the FCA. In the case of cessation of membership, any capital repayment due to Members is to be settled by the LLP within a three year period, provided FCA regulatory capital requirements are met. Further detail on the nature and purpose of Members' interests can be found in the Members' Report and Financial Statements.

Own funds requirements

Coremont's Pillar 1 requirement is calculated as the higher of:

1. Permanent minimum capital requirement of £75,000;
2. total K-Factor requirement; and
3. the fixed overheads requirement.

As of 31 March 22, Coremont's Fixed Overhead Requirement of £12,182 establishes its Pillar 1 capital requirement, being higher than the permanent minimum capital requirement and the total K-Factor requirement.

Own fund requirement as of March 2022	
	£'000
Permanent minimum capital requirements	75
Sum of K-AUM	1230
Sum of K-COH	15
Total K-factor requirement	1245
Fixed overhead requirement	12,182
Own fund requirement	12,182

Meeting the Overall financial adequacy rule (“OFAR”)

Under IFPR, Coremont is required to assess own funds and liquidity requirements set out in the Internal Capital Adequacy and Risk Assessment process (“ICARA”) and ensure sufficient own funds and liquidity resources are held at all times to meet the OFAR. The process of embedding the ICARA process within Coremont is underway and the first ICARA process was concluded in September 2022.

As part of the ICARA process the adequacy of capital to support current and future activities is monitored to ensure that Coremont has adequate capital and liquidity to enable it to manage risks not deemed to be adequately covered under the Pillar 1 minimum requirements. This is a forward-looking exercise with the level of capital and liquidity required by Coremont being assessed through reviewing a number of scenarios, as determined by the LLP Executive Committee, and comparing them with the base case scenario of our budgeted business plan. This approach identifies the timescale and extent of possible capital and liquidity deficiencies should an adverse scenario arise. The additional level of capital and liquidity required to cover Coremont against such a scenario can then be assessed and / or the mitigating actions identified which are required to ensure a continued capital and liquidity surplus.

In addition, Coremont must ensure that it has adequate own funds and liquid assets so that its business can be wound down in an orderly manner, minimising harm to consumers or to other market participants. The ICARA will be updated and formally reviewed, challenged and approved by the CTMM Management Committee on an annual basis, or more frequently if fundamental changes to the business require it.