Elliott Advisors (UK) Limited
MIFIDPRU 8 Disclosure
Financial year ended 31 December 2022

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1. Introduction

The Investment Firm Prudential Regime ("**IFPR**"), as implemented by the Financial Conduct Authority ("**FCA**"), sets a prudential framework for all UK MiFID investment firms. The framework sets standards for a firm's own funds and liquid assets, concentration risk, governance and risk management frameworks, regulatory reporting and public disclosure.

These IFPR rules are included within the Prudential Sourcebook for MiFID Investment Firms ("**MIFIDPRU**"). MIFIDPRU 8 requires firms to publish a disclosure of key information relating to:

- governance arrangements,
- risk management objectives and policies,
- own funds,
- own funds requirements, and
- remuneration policy and practices.

This disclosure document has been prepared to meet this requirement and is verified by EAUK's senior management. Unless otherwise stated, all figures are as at the 31 December 2022 and are seen as complimentary to EAUK's published financial statements for the same period, EAUK's implementation of other areas of the MIFIDPRU rules and EAUK's internal capital adequacy and risk assessment ("**ICARA**") process.

This statement will be reviewed, at a minimum, on an annual basis and is approved by EAUK's Management Committee. EAUK believes an annual disclosure is adequate when considering the nature, size and complexity of its business.

Business Background

Elliott Advisors (UK) Ltd ("**EAUK**") (02989338) is a private limited company. EAUK was incorporated on 11 November 1994, authorised on 5 November 2004 and is now regulated by the Financial Conduct Authority ("**FCA**"). EAUK's primary function is to act as sub-investment manager to Elliott Investment Management L.P. ("**EIM**") and therefore classified as a MIFIDPRU investment firm and falls into scope of the IFPR and the MIFIPDRU section of the FCA handbook. EAUK is required to comply with the disclosure requirements set out in the MIFIDPRU 8 section of the FCA handbook.

For the purpose of prudential regulations, EAUK does not meet the MIFIDPRU criteria for small and non-interconnected ("**SNI**") investment firms due to assets under management ("**AUM**") exceeding the £1.2 billion threshold and, as such, is classified as a non-SNI investment firm. The given information is appropriate for the size and nature of the company.

2. Risk management objectives and policies

Approach to risk management

The Board manages the business and identifies risks of harms to customers, markets and EAUK itself though a framework of procedures which take account of relevant laws, standards, principles and rules, including FCA principles and rules. These procedures are adapted as required to ensure that EAUK operates with utmost integrity and professionalism in all business dealings.

Risk management structure and operations

EAUK's Board has established and maintains EAUK's governance arrangements. They have designed, implemented and operate a risk management framework that identifies the risks that the execution of the business' strategy entails, assesses those risks against EAUK's risk appetite, assesses the arrangements in place to mitigate and/or manage those risks of harm on an ongoing basis, and – where appropriate – identifies, implements and operates enhanced procedures and/or controls to improve EAUK's ongoing mitigation and/or management of specific risks.

The Board has identified that:

- material risks to EAUK arise from its business and operational risks;
- material risks to customers as posed by EAUK arise from EAUK operational risks; and
- material risks to market participants as posed by EAUK arise from EAUK operational risks.

Where the Board identifies that specific risks are material to EAUK, the financial impact of these risks is considered as part of business planning (as above) and capital management (in determining whether the level of regulatory capital held by EAUK is adequate). This ICARA Report has been prepared with specialist assistance from external advisors and reviewed by the Board.

Risk Appetite

When considering the details and analysis undertaken in the risk management framework and when running the business, EAUK has been and will continue to be cautious regarding risks. EAUK has a low overall risk appetite. Specifically, it does not intend to take any risks with its own capital and ensures that risks arising from its investment decisions are closely monitored. Any issues arising with the latter would not only affect EAUK's main client, EIM, but also have an adverse effect on EAUK itself. In practical terms, the low risk appetite means that, whilst management would be prepared to tolerate a degree of unexpected costs and whilst a business can never be risk-free, management does not anticipate material unexpected costs and expenditure is reviewed on a quarterly basis.

The Board enforces this through investigating business events that impact EAUK's profit and loss, or the asset value of our clients (where applicable), according to a series of key risk indicators, which have assigned responsibilities and associated monitoring and escalation protocols depending on the severity of the indicator.

Assessing effectiveness of risk management processes

EAUK conducts a formal review of its ICARA processes on at least an annual basis. The risk management framework forms an integral part of EAUK's ICARA process and as such is subject to review, challenge and update by EAUK's governing body as part of this formal review to ensure it remains effective for ongoing operational purposes and for feeding into ICARA processes. EAUK's governing body concludes that the risk management process is fit for purpose.

Potential harm

It is important that a complete and thorough capture of all material risks of harms occurs, and that the identification of such material harms is not restricted by an assumption that a certain environment will prevail. In particular, it is important to consider distressed situations, as outcomes may differ the most under such environments. The Board have given consideration as to what would make the business model unviable and whether systems and controls are in place to mitigate situations that could cause undue harm to customers and markets and well as threaten the continued viability of EAUK.

EAUK's internal Material Harms Register documents the approach to identifying and assessing risks. In doing so, EAUK seeks to quantify the potential impact and likelihood of a risk occurring. Materials harms are categorised under the headings for Risk-to-Customer, Risk-to-Market and Risk-to-Firm.

Having considered the material harms in detail as well as the controls in place combined with other mitigating circumstances, the Board is confident that the occurrence of such risks would be absorbed by EAUK by adjusting discretionary payments and dividends. As such, no additional own funds or liquid assets requirements have been added in respect of these risks.

Risk management objectives and policies

As part of ongoing monitoring of strategic, financial and compliance matters, EAUK ensures it remains in compliance with own funds requirements (MIFIDPRU 4), concentration risk requirements (MIFIDPRU 5), and liquidity requirements (MIFIDPRU 6).

In compliance with MIFIDPRU 4, EAUK calculates K-factor requirements ("**KFR**") for K-AUM, based on the investment portfolios over which it exercises its MiFID permission for managing investments, and K-COH, based on the trades it arranges or executes outside of these sub-investment management activities. EAUK does not hold client money or assets and does not operate a trading book, and so is not required to calculate any other KFRs.

In compliance with MIFIDPRU 5, EAUK monitors and controls its concentration risk using sound administrative and accounting procedures and robust internal control mechanisms. On a quarterly basis, EAUK reports to the FCA its counterparty concentrations of cash deposits and earnings.

In compliance with MIFIDPRU 6, EAUK calculates a basic liquid asset requirement ("**BLAR**") and ensures that it has sufficient core liquid assets to cover this at all times. This position is monitored on an ongoing basis to ensure a healthy surplus to safeguard against unforeseen adverse conditions.

EAUK's adherence with MIFIDPRU 4, MIFIDPRU 5 and MIFIDPRU 6 is subject to rigorous challenge as part of the ICARA process, whereby the potential financial impact of risks and material harms is assessed to determine if EAUK's financial resources are sufficient to withstand severe yet plausible stressed scenarios.

3. Governance arrangements

EAUK Board has overall responsibility of the governance framework.

Board Composition

The Board consists of the individual members in the table below:

Name	Individual Reference Number	FCA Role
Jonathan Pollock	JDP01090	SMF3
Christopher Leonard	CPL01054	SMF3, SMF16, SMF17
Thomas Houlbrook	THH01019	SMF3
Nabeel Bhanji	NXB01616	SMF3
James Stott	JXS02490	SMF3

The Board meets quarterly and is in charge of EAUK's Risk management framework, identifying any potential arising risks and oversee the prevailing already established potential harms of EAUK. It is the Boards responsibility to challenge the ICARA process and ultimately sign off.

Diversity

EAUK and the Board support and affirm their commitment to the legal and moral imperatives that preclude unlawful discrimination in all relevant matters – including remuneration – on the basis of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, or sexual orientation.

Risk Committee

EAUK is not required to establish an entity-level risk committee.

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4. Own funds

Under MIFIDPRU 8.4 (Own funds), firms are required to disclose the following information:

- a reconciliation of CET1, AT1 and T2 items including relevant deductions
- a reconciliation against the balance sheet
- a description of the CET1, AT1 and T2 makeup

Composition of Own Funds at as 31 December 2022

	Item	Amount (GBP thousands)	Source based on reference numbers of the audited financial statements
1	**OWN FUNDS**	**45,467**	
2	**TIER 1 CAPITAL**	**45,467**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**45,467**	
4	Fully paid up capital instruments	30	Balance sheet, page 14
5	Share premium	2,980	Balance sheet, page 14
6	Retained earnings	40,057	Balance sheet, page 14
7	Accumulated other comprehensive income	-	N/A
8	Other reserves	-	N/A
9	Adjustments to CET1 due to prudential filters	-	N/A
10	Other funds	-	N/A
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER	-	N/A
19	CET1: Other capital elements, deductions and adjustments	-	N/A
20	**ADDITIONAL TIER 1 CAPITAL**	**-**	
21	Fully paid up, directly issued capital instruments	-	N/A
22	Share premium	-	N/A
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	N/A
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	N/A
25	**TIER 2 CAPITAL**	**2,400**	
26	Fully paid up, directly issued capital instruments	2,400	Balance sheet, page 14
27	Share premium	-	N/A
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	N/A
29	Tier 2: Other capital elements, deductions and adjustments	-	N/A

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Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	b	c
		Balance sheet as in published/audited financial statements	**Under regulatory scope of consolidation**	**Cross reference to template OF1**
		As at period end	**As at period end**	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Tangible assets	4,512	N/A	N/A
2	Investments	8	N/A	N/A
3	Debtors	157,633	N/A	N/A
4	Cash at bank and in hand	22,971	N/A	N/A
5	**Total Assets**	**185,124**	**N/A**	**N/A**
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
6	Creditors: Amounts falling due within one year	138,560	N/A	N/A
7	Creditors: Amounts falling due after more than one year	2,400	N/A	26
8	Deferred tax	493	N/A	N/A
9	Other provisions	604	N/A	N/A
10	**Total Liabilities**	**142,057**	**N/A**	**N/A**
Shareholders' Equity				
11	Called up share capital	30	N/A	4
12	Share premium account	2,980	N/A	5
12	Profit and loss account	40,057	N/A	6
13	**Total Shareholders' equity**	**43,067**	**N/A**	**N/A**

Own funds: main features of own instruments issued by EAUK

Public or private placement	Private
Instrument type	Ordinary share capital
Amount recognised in regulatory capital	£3.01 million
Nominal amount of instrument	£1 per share
Issue price	£100.33
Accounting classification	Equity
Perpetual or dated	Perpetual

5. Own funds requirements

EAUK is required to assess the adequacy of its own funds in accordance with the overall financial adequacy rule . As at 31 December 2022, EAUK's basic own funds requirements as a non-SNI investment firm in accordance with MIFIDPRU 4.3 we are follows:

	GBP'000
Permanent Minimum Requirement ("PMR")	75,000
K Factor Requirement ("KFR")	1,677
Fixed Overhead Requirement ("FOR")	15,506
Basic Own Funds Requirement	**15,506**

From the above the basic own funds requirement of EAUK is the FOR. EAUK monitors the ongoing expenditure of EAUK and prepares forwards looking financial forecasts to ensure that they stay abreast of any material change that could result in an increase in the FOR.

EAUK also continuously assess the size of the assets that it manages to ensure that the K Factor requirements remain below the FOR. The risk committee and finance function who are responsible for preparing these disclosures keep up to date with EAUK's strategy and initiatives to ensure that capital planning is in place should the increase in assets exceed the FOR.

EAUK is also obliged to consider risks on top of its basic requirement through its ICARA process in MIFIDPRU 7.6.2. A reasonable estimate is required to ensure firms hold enough own funds to cover its risk identified in the below:

- EAUK is able to remain financially viable throughout the economic cycle, with the ability to address any potential material harms that may result from its ongoing activities; and
- EAUK's business can be wound down in an orderly manner.

	GBP'000
Additional own funds from material harms assessment	-
Additional own funds required for EAUK to be wound down in an orderly manner	3,004
Own Funds Threshold Requirement (Basic plus higher of the above)	**18,510**

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6. Remuneration policy and practices

Approach to remuneration

EAUK is governed by its Board, which has responsibility for determining EAUK's policy on remuneration and approving bonus arrangements, in consultation with its main client, Elliott Investment Management L.P.. In setting bonus levels for investment professionals the Board will consider the contribution that the individual has made, from a financial perspective, to the profitability of the Funds managed by Elliott Investment Management L.P.. The Board will also take into account the benefit to the Funds of the individual's assigned positions. This assessment is undertaken on a continuous basis but is also assessed at the end of the performance year in order to factor into the bonus decisions undertaken by the Board. For non-investment professionals, the Board will consider the individual's contribution to the wider EAUK business and operations.

Development of remuneration policies and practices

The decision-making process used for determining EAUK's remuneration policy including, if applicable, information about the composition and the mandate of a remuneration committee, the use of external benchmarking consultants and the role of the relevant stakeholders:

- EAUK's remuneration policy, which is reviewed annually, has been agreed by its Board in consultation with EAUK's main client, Elliott Investment Management L.P., in line with the FCA Remuneration Code.
- Due to the size, nature and complexity of EAUK, EAUK is not required to appoint an independent remuneration committee.

Objectives of financial incentives

EAUK's remuneration policy is designed to ensure that its remuneration arrangements:

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

Components of remuneration

EAUK's remuneration included in this disclosure is made up of the following components:

Fixed remuneration

- Base Salary
- Pension
- Benefits in Kind

Variable Remuneration

- Discretionary bonus
- Deferred bonus
- Retention bonus
- Sign-on bonus
- Share based payments

Performance criteria used for assessment

EAUK's remuneration policy clearly defines the performance criteria used across EAUK, including specific business units, and for individual performance.

Individuals are also assessed in relation to their conduct and compliance with EAUK's various policies. Adjustments may be made to the bonus figures determined based on financial metrics as a result of the individuals' performance in respect of these non-financial metrics.

Material Risk Takers

EAUK has used the guidance in SYSG 19G.5.3 to identify the its material risk takers ("**MRT**"). The Board are responsible for reviewing existing MRTs and identifying new MRTs. As at 31 December 2022 the Board had identified 110 MRTs.

Quantitative Remuneration

Aggregated quantitative information for all remuneration paid to staff can be seen below:

	Senior Management	**Other MRTs**	**Other staff**
Number of MRTs	2	108	37
Fixed Remuneration	£19,171k		£2,182k
Variable Remuneration	£139,757k		£2,067k
Severance pay	£54k		£60k
Total Remuneration	**£158,982k**		**£4,309k**

On the basis that there are just two individuals in the Senior Management category, in accordance with MIFIDPRU 8.6.8 (7), the quantitative remuneration data has be shown above aggregated with the Other MRT category.

During the year 4 individuals were awarded severance payments. The highest severance payment during the year was £30k