

# **MIFIDPRU 8 Disclosures**

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**Daiwa Corporate Advisory Limited**

**For the Financial Year Ended 31 March 2025**

# 1. Overview

## Introduction

Daiwa Corporate Advisory Limited (“DC Advisory” or “the Firm”) was incorporated on 13 May 1995 and has its registered office at 5 King William Street, London, EC4N 7DA. DC Advisory is authorised and regulated by the Financial Conduct Authority (“FCA”) with FRN 175853.

DC Advisory is ultimately owned by Daiwa Securities Group Inc.

DC Advisory is a corporate finance adviser that provides advisory services relating to mergers and acquisitions, debt and restructuring and other related corporate finance advice.

As at 30 September 2025, DC Advisory held the following permissions with the FCA:

- Advising on investments (except on pension transfers and pension opt outs);
- Advising on P2P agreements;
- Arranging (bringing about) deals in investments;
- Making arrangements with a view to transactions in investments; and
- Agreeing to carry on a regulated activity.

## 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, DC Advisory is categorised as a non-small and non-interconnected firm (non-SNI). The Firm is categorised as a non-SNI firm on the basis that it generates revenues of more than £30m a year so exceeds the non-SNI thresholds.

DC Advisory is subject to the disclosure requirements set out in MIFIDPRU 8 and this 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. This document sets out DC Advisory’s risk management and objectives policies, own funds requirements, remuneration policies and practices and governance arrangements.

## 2. Risk Management Objectives and Policies

DC Advisory's Board of Directors ("Board") have overall responsibility for overseeing the risk management objectives and policies of the Firm. This includes determining the Firm's business strategy and risk appetite, taking into account the risks that the Firm is likely to meet.

DC Advisory's risk management framework incorporates an analysis of the impact of each material risk on the Firm, its clients and on the market, the probability of each risk occurring and the procedures in place for mitigation. The Firm's Internal Capital Adequacy and Risk Assessment ("ICARA") process provides information to the Board focusing on business and operational risk management issues, and including any notification that the Firm is likely to breach an early warning indicator regarding the Firm's own funds and liquid assets requirements. In addition, DC Advisory's ICARA identifies material harms that could result the winding down of its business.

DC Advisory does not have an independent risk management function because it is not proportionate in view of the nature, scale and complexity of its business and activities undertaken. However, DC Advisory has established and implemented risk management procedures which identify the risks relating to the Firm's activities, controls, and where appropriate, set the level of risk tolerated by the Firm.

The procedures and policies that DC has established and implemented take into consideration the rules relating to risk management which provide for the monitoring of:

- The adequacy and effectiveness of the Firm's risk management policies and procedures;
- The level of compliance within the Firm and its relevant persons with the arrangements, processes and mechanisms adopted; and
- The adequacy and effectiveness of measures taken to address any deficiencies in those arrangements and procedures, including failures by the relevant persons to comply with such arrangements or follow such procedures.

DC Advisory has a low risk appetite for all types of potential harms that it could face. The key risks that DC Advisory have identified are:

### **Business and Strategic Risk**

This is the risk associated with the fluctuating business cycles and economic conditions over a period and, if these business or economic conditions deteriorate over time, the ability of the Firm to carry out its business plan and strategy.

### **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The nature of operational risk is such that it can never be fully eliminated but by implementing risk mitigation measures it can be reduced to a level that the Board believes is appropriate.

### **Conduct Risk**

Conduct risk is the risk that activities of an individual or the Firm produces harm to clients, undermines the integrity of financial markets and results in a loss of trust in the professional standards expected by the customers and across the industry. The Firm seeks to manage conduct risk by emphasising the "tone from the top" as set by the Board to ensure a strong compliance culture, through training and awareness and ensuring that conduct risk is a standing agenda item for board meetings.

## **Liquidity Risk**

This is the risk that the Firm either does not have sufficient resources available to meet its obligations when they fall due or can only secure them at an excessive cost. DC Advisory maintains liquid assets in excess of both its basic liquid assets requirement and its liquid asset threshold requirement. Regular monitoring of the Firm's liquidity position is undertaken by the finance team.

DC Advisory does not handle client money, nor does it take positions so overall market risk in relation to the Firm's liquidity position is considered to be low.

### 3. Governance arrangements

DC Advisory is committed to having corporate governance, risk management and a control framework appropriate to the size of the business and level of risk within the business. The governance structure is designed to oversee all DC Advisory operations.

The Firm's overall management is governed by the Board. The Board meets, at a minimum, quarterly, and will also meet ad hoc when circumstances demand.

DC Advisory has identified and apportioned all FCA-prescribed senior management Functions ("SMF") (as detailed within the Senior Managers and Certification Regime ("SMCR")) to the appropriate senior managers at the Firm. Collectively, these individuals are directly responsible for overseeing the appropriately delegating responsibilities within the Firm and, moreover, for overseeing the specific business areas in relation to which they have been given responsibility. All responsibilities are written in each SMF's statement of responsibility.

Due to size of the Firm, the governance arrangements of DC Advisory are regarded as appropriate and are therefore conducive for the Board to effectively monitor DC Advisory's SMF's enabling them to provide the Board with regular information with which to identify, monitor and control DC Advisory's risks.

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.

#### Directorships

The table below relates to the appointments of directors, held at external commercial organisations as at 30 September 2025.

SMF / Role	Name	Number of External Directorships
SMF 3	Robert Jones	0
SMF 3	Richard Madden	0
SMF 3	Neale Marvin	0
SMF 1, SMF 3	Timothy Morris	0
SMF 3	Ciara O'Neill	0
SMF 3	Andrew Strudwick	0
SMF 3	Michael Thornton	0
SMF 3, SMF 9	Jonathan Trower	1

## 4. Diversity

The Firm recognises that diversity improves the quality and objectivity of decision-making processes. 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. The Firm considers diversity aspects including but not limited to:

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

DC Advisory is committed to an authentically inclusive environment and has established five affinity groups covering ethnic minorities, LGBTQIA+, socio-economic backgrounds, females and business partners. All employees are encouraged to join any affinity group either as a member or as an ally.

## 5. Own Funds Disclosure

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

DC Advisory 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 Funds 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 March 2025.

Composition of regulatory own funds		£000
	<b>Own Funds Total</b>	39,284
	<b>T1 Total</b>	39,284
	<b>CET 1 Total</b>	39,284
1	Paid up capital instruments	20,000
2	Share premium accounts	n/a
	Capital Redemption reserve	n/a
3	Retained earnings	22,305
4	Accumulated other comprehensive income	n/a
5	Other reserves	n/a
6	Funds for general banking risk	n/a
	<b>Less</b>	
7	Losses for the current financial year	
8	Intangible assets	(216)
9	Deferred tax assets that rely on future profitability	(2,805)
10	Deduction of holdings of CET 1 instruments of financial sector entities	(3,021)

## 6. Own Funds Requirements

DC Advisory 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).

<b>Own Funds Requirement</b>	<b>£000</b>
Permanent Minimum Requirement (PMR)	75
Sum of K-AUM, K-CMH and K-ASA	n/a
Sum of K-COH and K-DTF	n/a
Sum of K-NPR, K-CMG, K-TCD and K-CON	n/a
Fixed Overhead Requirement (FOR)	13,614
<b>IFPR Capital Requirement</b>	<b>13,614</b>

### Overall financial adequacy rule

DC Advisory 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.

### 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.

## **7. Remuneration Policy and Practices**

DC Advisory is subject to the FCA rules on remuneration as they apply to a non-SNI MIFIDPRU investment firm. These rules are contained in the FCA's MIFIDPRU Remuneration Code set out in SYSC19G of the FCA's Handbook.

### **Approach to Remuneration**

Employees have the opportunity to share in the success of the Company in years of good performance and also accept reduced levels of variable remuneration in times of poor performance or losses.

The decisions of the Board on setting remuneration are based on, amongst other things, risk management, supporting business strategy, objectives, values and interests and avoiding conflicts of interest, governance, conduct and measurement of performance.

### **Objectives of financial incentives**

DC Advisory's Remuneration Policy provides a framework to ensure all staff are fairly and competitively rewarded in return for a high level of service to the Firm and its clients. In setting remuneration levels DC Advisory recognises the importance of attracting and retaining staff. The amount of fixed remuneration paid to an employee will be based on market rates relevant to the employee's role and their knowledge, experience, and competencies. Discretionary bonuses are made to employees to reward them for good performance and with a view to increasing and maintaining their productivity. The principal objective in determining variable bonus awards is to reward individual contribution to the Firm whilst ensuring that such payments are warranted given business results.

### **Decision Making**

Senior management are responsible for the implementation of the Remuneration Policy as well as the monitoring of compliance risks associated with it. The Remuneration Policy is reviewed and approved by the Board at least annually to ensure it continues to be appropriate and in compliance with the FCA's rules.

### **Characteristics of Remuneration Policy and Practices**

Remuneration typically comprises of fixed and variable elements.

The Firm has defined variable pay as a discretionary bonus, which is awarded based on company performance, departmental performance and individual performance. The Firm's policy on variable remuneration sets aside a proportion of the Firm's profits to form a bonus pool out of which awards will be made. The total bonus pool amount is determined by reference to the Firm's risk-adjusted criteria, which include both quantitative and qualitative measures.

DC Advisory ensures that remuneration and similar incentives are not solely or primarily based on quantitative commercial criteria. Consequently, the Firm takes into account appropriate qualitative criteria (e.g. behavioural measures such as conduct) which encompasses adherence with relevant regulations, fair treatment of clients, behaviour and the quality of services provided to clients.

The Firm ensures it always maintains a balance between fixed and variable components of remuneration, so as to mitigate any conflicts of interest between the Firm, its staff and its clients.

DC Advisory's Remuneration Policy includes deferrals for high earning employees.

DC Advisory has a Remuneration Committee which considers these factors for all employees and proposals are made to the Board. The Board has ultimate responsibility for determining what awards are made to each employee.

### Material Risk Takers

The Firm has identified a number of Material Risk Takers (MRTs) in accordance with the criteria set out in SYSC 19G.5.3. The Firm has developed and applied internal qualitative and quantitative assessments against the defined criteria to identify those individuals that could have a material impact upon the Firm's risk profile.

DC Advisory has determined that its MRTs are each of its SMF holders, two senior employees who have managerial responsibility for business units and the employee who is responsible for information technology and information security.

For the financial year ended 31 March 2025, there were 10 MRTs identified at DC Advisory. An assessment of DC Advisory's MRTs is undertaken at least annually.

### Remuneration for year ending 31 March 2025

Senior Management remuneration (GBP) £000	
Fixed remuneration	2,073
Variable Remuneration	7,992
Total Remuneration for Senior Management	10,065

Other MRTs remuneration (GBP) £000	
Fixed remuneration	381
Variable Remuneration	220
Total Remuneration for other MRTs	601

Other Staff remuneration (GBP) £000	
Fixed remuneration	28,712
Variable Remuneration	28,519
Total Remuneration for other staff	57,231

No severance payments were made to Senior Management or other MRTs during the year.