

ASSET MATCH LIMITED

Remuneration Policy

for performance year ending 31 December 2022

Introduction

Asset Match Limited (**Asset Match** or **the firm**) is subject to the MIFIDPRU Remuneration Code as set out in SYSC 19 of the FCA handbook. The firm is a small non-interconnected (**SNI**) firm and, as such, must satisfy the 'basic' rules. This policy covers all of the directors and staff of the firm and is reviewed on an annual basis.

Objectives

The FCA notes that firms' remuneration forms part of FCA's culture and governance priority as set out in its Business Plan. As a key driver of behaviour, remuneration of senior and risk-taking staff is an important area of focus for the FCA in order to ensure that risk and reward are aligned in firms that it regulates through the MIFIDPRU Remuneration Code. Implementing appropriate remuneration policies and practices helps to ensure appropriate outcomes and reduces the likelihood of harm from occurring.

Firms should be able to demonstrate how they satisfy themselves that their remuneration practices lead to appropriate outcomes and show the effectiveness of their governance arrangements in identifying, managing and mitigating the risk of harm that inappropriate incentives may cause.

The requirement is that all firms ensure that their remuneration policies and practices do not remunerate or assess the performance of staff in a way which conflicts with their duty to act in the best interests of the firm's clients or the long-term sustainability of the firm and its capital base.

This Policy is gender neutral.

Compliance with the MIFIDPRU Remuneration Code

1. *The firm's remuneration policy must:*

a. *Be proportionate to the size, internal organisation and nature, as well as the scope and complexity, of its activities*

The firm does not have a separate Remuneration Committee, and the Board considers the current structure to be appropriate based on the principal of proportionality given:

- the low risk and low complexity of the firm's business;
- the small size of the firm and clear visibility of behaviour and contributions to the organisation that is available to the Board; and
- the transparency to the Board of the process for determining remuneration and its outcome.

b. *Be consistent with and promote sound and effective risk management*

The firm is relatively low risk as it does not take balance sheet risk. By adopting a remuneration policy and structure that applies across the entire firm and is based on value created by the firm as a whole, the firm promotes a culture of working as a cohesive unit by sharing risk and reward.

The firm's principal risks, a detailed analysis of which is undertaken within the firm's Risk Map, include operational, financial and reputational risks and the firm's operational / compliance infrastructure has been specifically developed to mitigate these risks. All variable remuneration payments will only be approved after careful consideration of all the above factors and of the individual's performance against their annual objectives by the firm's Board.

The firm's remuneration policy sits alongside other control documents, including but not limited to, the firm's: Compliance Manual, Conflicts of Interest Policy, Product Governance Policy and training, appraisal and monitoring programmes.

c. Be in line with the firm's business strategy and objectives

The firm's strategy is focussed on the provision of private market liquidity to its clients and customers. The remuneration policy links the performance of all aspects of the business, the long-term sustainability of the firm and the firm's objectives.

d. Contain measures to avoid conflicts of interest, encourage responsible business conduct and promote risk awareness and prudent risk-taking

The firm has in place a number of existing procedures, specifically within the firm's Compliance Manual, which are structured to avoid and manage conflicts of interests, including but not limited to: material interests, outside activities and compensation, treating clients fairly, gifts and benefits and detailed procedures on managing conflicts of interest. All decisions regarding remuneration will be taken in consideration of the long-term interests of the firm, its staff, members and clients, specifically in the context of identifying and managing all potential conflicts of interest.

2. Governance and oversight:

a. Staff and control functions must be independent from business units they oversee and be remunerated according to objectives linked to their functions

Senior management functions (**SMFs**) are held by the CEO and Executive Chairman. Due to the small size of the firm, there is limited potential or requirement to entirely separate these two individuals from the business they oversee. However, any risk is mitigated by the SMFs being appropriately split between the two roles and by the CEO's remuneration being determined directly by the Board which is free to set objectives linked to relevant control functions and any other functions as appropriate.

b. Remuneration of senior staff in risk management and compliance functions must be directly overseen by the management body

All risk management and compliance functions are carried out by the CEO and Executive Chairman. The CEO's remuneration is directly overseen by the Board.

3. Fixed and variable remuneration:

Remuneration for all staff is divided into two main components: base salary and participation in the bonus pool. In addition, all employees benefit from: private medical insurance; group income protection scheme; and auto-enrolment pension scheme. The benefits are provided to attract and retain talent and ensure employee wellbeing.

a. The remuneration policy must make a clear distinction between the criteria applied to determine the fixed and variable remuneration

Fixed remuneration, in the form of base salary and benefits, is determined by experience, seniority and aptitude for the role and reflects the staff member's professional experience and organisational responsibility as set out in their terms of employment. It is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance.

Variable remuneration is determined by contribution, performance and organisational responsibility in the performance year. It reflects the long-term performance of the staff member and of the firm.

- b. *The fixed and variable components of the total remuneration must be appropriately balanced*

The firm's policy is that the fixed component of remuneration is appropriate for the staff member's experience, seniority and aptitude and sufficient to enable the operation of a fully flexible policy on discretionary variable remuneration. This includes the possibility of paying no variable remuneration.

- c. *Variable remuneration must not affect the firm's ability to ensure a sound capital base*

The firm's total bonus pool is set and allocated on a discretionary basis by the Board as advised by the CEO. In setting the discretionary remuneration, it is the Board's policy to retain a certain proportion of the firm's annual profits for the maintenance of a sound capital and liquidity base.

Being discretionary, the Board reserves the right to defer, alter or cancel payments from the bonus pool should requirements dictate.

Remuneration decisions

All decisions in relation to the remuneration of all staff are made and approved exclusively by the Board, with no input from external consultants. Overall firm and specific staff remuneration is determined with reference to a number of factors including, but not limited to, the performance of:

- the individual;
- the overall results of firm; and
- an assessment of an individual's adherence to the firm's risk management and compliance procedures including whether their behaviour posed any risk to firm's corporate values.

The Board takes account of the firm's regulatory and working capital requirements when determining fixed and variable remuneration.

Remuneration policy for directors

The firm's only paid director is the CEO, and his remuneration comprises of a share of the profits generated by the firm. This is divided into two components:

1. Base salary as set and agreed by the Board; and
2. Participation in the bonus pool as set and agreed by the Board.

In determining the bonus allocation to the CEO, the Board considers his performance with regards to:

1. Effective management and operation of the firm;
2. Contribution to revenue generation; and
3. Delivering on corporate strategy.

Remuneration policy for client-facing employees

Each team member is remunerated through a base salary and a discretionary bonus determined by the Board. Bonuses are determined based on a combination of individual performance, the firm's performance and seniority at the conclusion of the firm's appraisal exercise.

The Board

The Board acting in its capacity as the firm's remuneration committee fully acknowledges its responsibilities, including its overriding responsibility to ensure that the firm's remuneration policy:

- is in line with the business strategy, objectives and long-term interests and values of the firm;

- is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the firm;
- is appropriate to attract, motivate and retain suitable staff;
- is representative of the underlying performance of the business and does not reward individuals for poor performance; and
- includes measures to avoid conflicts of interest.

The Board fully believes that its remuneration policy is fully aligned with the firm's clients and that the success of the firm and subsequent payment of variable remuneration is correlated to the quality of service given and the achievement of the firm's clients' objectives.