

MIFIDPRU

Annual disclosures

For the year ending 31/12/2024



## MIFIDPRU Annual disclosures for the year ending 31/12/2024

This statement sets out the public disclosures for Parmenion Capital Partners LLP (FCA Reference Number 462085) in relation to Governance Arrangements, Own Funds and Own Funds Requirements as required under MIFIDPRU as at 31st December 2024.

Parmenion provides discretionary fund management and platform services to clients and advisers in order to assist them in managing their investments.

Parmenion has a limited range of activities, which substantially reduces the risks to which our business is exposed compared with many other investment managers, namely:

- Parmenion executes trades primarily in collective investments and does not purchase, research or otherwise investigate the shares of quoted companies.
- Parmenion does not act as market maker in any investment.
- Parmenion does not undertake proprietary investment research into any quoted securities.
- Parmenion does not undertake any proprietary trading.

Parmenion is categorised as a non-SNI MIFIDPRU Investment Firm and this disclosure is prepared on an individual basis. We believe that the information provided is proportionate to Parmenion's size and the nature, scope and complexity of our activities.

Further information on the information contained in this document can be found in the annual audited accounts of Parmenion, which are freely available from Companies House.

This disclosure has been approved by the Board of Parmenion.

## Governance

The Board is responsible for the proper management of Parmenion and meets on at least a quarterly basis. The Board has overall responsibility for overseeing and controlling the activities of the business, making decisions in relation to the strategic direction, and for ensuring that the firm has a robust corporate governance structure with well-defined, transparent, and consistent lines of accountability.

The Board of Parmenion consists of the following members:

Name	Other Directorships Held*
Martin Jennings Chief Executive	None
Matthew Puttick Chief Financial Officer	None
Richard Houghton Chair (Non-Executive)	Two
Chris Demetriou (Non-Executive)	One

\* Directorships held within the same group are counted as a single directorship and those in non-commercial organisations or other Parmenion companies are excluded.

The Executive Committee (ExCo) has been established as a sub-committee of the Board, which has formally delegated duties and responsibilities under a written terms of reference. The ExCo is accountable for the day-to-day implementation of governance arrangements that ensure effective and prudent management of the firm, including the segregation of duties in the organisation, the prevention of conflicts of interest and the delivery of the strategic plan.

Parmenion also has a number of decision-making and oversight committees which support the effective running of the business. The scale of Parmenion means that we are not required to have a Risk Management Committee, however we believe that this is an integral aspect of good corporate governance. The Executive Risk & Compliance Committee (ER&CC) oversees the identification and assessment of risks that could undermine Parmenion's ability to meet its strategic targets (including customer outcomes).

Parmenion is committed to maintaining the highest standards of corporate governance. We regard the composition and the effectiveness of our Board and supporting committees as a crucial element of our corporate governance.

When assessing new appointments we review the combined skills and experience of the existing members to determine what characteristics we are looking for. Each member must have the skills, experience and character that will enable them to contribute, both individually and as part of the team, to the effectiveness of the Board and the success of Parmenion.

We believe that diversity amongst board members is of great value but that diversity is a far wider subject than just gender. We will give careful consideration to issues of overall board balance and diversity in making new appointments to the board.

## **Risk Management Objectives and Policies**

Parmenion utilises a Risk Management Framework to enable the management of risks to support the setting and delivery of the business strategy. This is consistent with the scope and complexity of its business model, and specifies the methodologies, tools and techniques that are used to identify, evaluate, mitigate and monitor risks.

An annual risk appetite statement articulates the type and level of risk the Parmenion Board is willing to accept in the pursuit of its strategic objectives. Appetite for risk informs business decision-making and wider risk management processes. It is underpinned by risk limits which have been designed to manage business activity and risk exposures in the context of risk appetite.

Parmenion operates the "Three Lines of Defence" model to support its risk management framework. Within this model the roles and responsibilities are as follows:

- 1<sup>st</sup> Line – Business areas are responsible for day-to-day risk management, owning the identification, assessment, monitoring and remediation of risks and incidents. Implementing controls and reporting on progress within their functional areas.
- 2<sup>nd</sup> Line – The Risk, Oversight and Compliance Team are responsible for independent oversight of 1st line risk management and compliance activity. They also provide regulatory guidance and set the risk management framework, enabling Senior Management to make informed decisions.
- 3<sup>rd</sup> Line – Internal Audit are responsible for providing independent challenge and objective assurance that risks are being managed appropriately by the 1st and 2nd Lines.

The management of risk throughout the organisation in accordance with the business strategy and risk appetite is overseen at an executive level. With ongoing oversight, monitoring and advice provided by the Risk, Oversight and Compliance department. An Executive Risk & Compliance Committee provides an enterprise-wide view of the risks facing the business and is responsible for the effectiveness of risk management processes.

## Analysis of risk

Parmenion is exposed to a range of inherently significant risks in the pursuit of its strategic objectives and chosen business model. These are categorised using a risk taxonomy and the top level categories of significant risk for Parmenion are strategic risk, conduct & compliance risk, financial risk, market risk and operational risk. A failure to manage these risks could lead to impacts for customers with the potential for poor outcomes, alongside negative impacts for our associated business stakeholders.

## Own Funds Requirements

Capital serves as a buffer to absorb unexpected losses on a going concern basis as well as to fund the ongoing activities of Parmenion and to comply with the requirements of the FCA. The regulatory capital requirement of Parmenion is established through reference to the Investment Firms Prudential Regime (IFPR). Parmenion aims to maintain capital in excess of its regulatory requirements to ensure a safety margin is held.

## Concentration risk

Parmenion generates its income from a large number of Adviser firms, with no single firm representing more than 7% of total annual revenues. This is measured and reviewed regularly by the Executive Committee.

Parmenion manages concentration risk in respect of client money holdings via a diversification policy which stipulates that no single institution is permitted to hold more than 50% of the total. As at the reporting date, Parmenion used four different banks to hold client money. Diversification proportions are reviewed monthly and modelled against different scenarios and stresses, they are then rebalanced when required.

## Liquidity risk

Parmenion aims to have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Parmenion's reputation.

Parmenion's cash position, available facilities and forecast cash flows are monitored on a weekly basis by Parmenion's finance team and access to appropriate liquidity is made available where necessary. Compliance with Parmenion's regulatory capital requirements is also regularly monitored to ensure no breaches occur.

## Own Funds (MIFIDPRU 8.4)

Parmenion's own funds are exclusively CET1 capital. At the year end and throughout the year ended 31 December 2024 the LLP complied with all externally imposed capital requirements in accordance with the rules set out in the ICARA.

The following tables are based on Parmenion's Report and Financial Statements as at 31st December 2024.

**Table 1: Composition of Regulatory Own Funds**

	<b>Item</b>	<b>Amount (GBP thousands)</b>	<b>Source based on reference numbers/letters of the balance sheet in the audited financial statements</b>
1	<b>OWN FUNDS</b>	49,899	
2	<b>TIER 1 CAPITAL</b>	49,899	
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	49,899	
4	Fully paid up capital instruments	17,500	Note 20
5	Share premium		
6	Retained earnings	42,358	Statement of Changes in Equity
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(9,959)	Note 8
19	CET1: Other capital elements, deductions and adjustments		
20	<b>ADDITIONAL TIER 1 CAPITAL</b>		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	<b>TIER 2 CAPITAL</b>		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

**Table 2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements**

The table below shows a reconciliation with own funds in the balance sheet where assets and liabilities have been broken down by asset and liabilities classes respectively. The information in the table below reflects the balance sheet in the audited financial statements as at 31st December 2024.

Item – Amount (GBP 000s)		A	B	C
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
<b>Assets - Breakdown by asset class according to the balance sheet in the published financial statements</b>				
1	Other intangible assets	9,959		Item 11
2	Property, plant & equipment	623		
3	Right-of-use asset	2,217		
4	Net investment in sublease	968		
5	Investments	-		Item 11
6	Prepayments & other short-term assets	5,518		
7	Trade & other receivables	40,538		
8	Cash & cash equivalents	9,981		
<b>Total assets</b>		<b>69,804</b>		
<b>Liabilities - Breakdown by liability class according to the balance sheet in the published financial statements</b>				
1	Provisions	1,089		
2	Non-current lease liabilities	2,553		
3	Current lease liabilities	849		
4	Employee obligations	601		
5	Trade & other payables	4,853		
<b>Total liabilities</b>		<b>9,945</b>		
<b>Members' Equity</b>				
1	Members' capital classified as equity	17,500		Item 4
2	Retained earnings	42,358		Item 6
<b>Total members' equity</b>		<b>59,859</b>		Items 1, 11

## Own Funds Requirements (MIFIDPRU 8.5)

**Table 3: K-Factor Requirement and Fixed Overheads Requirement**

The table below shows the K-factor requirement ("KFR"), broken down into three groupings and the total amount of fixed overheads requirement ("FOR").

Item – Amount (GBP000s)		
K-Factor	Σ K-AUM, K-CMH and K-ASA	5,831
	Σ K-DTF and K-COH	20
	Σ K-NPR, K-CMG, K-TCD and K-CON	0
<b>Fixed Overhead Requirement ("FOR")</b>		<b>5,446</b>

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

- Permanent minimum capital requirement of £150,000
- Total K-Factor requirement; and
- The fixed overheads requirement.

As at 31<sup>st</sup> December 2024, Parmenion's K-factor requirement of £5,851,097 establishes its Pillar 1 capital requirement, being higher than the base capital requirement and the total FOR.

## Meeting the overall financial adequacy rule ("OFAR")

Under IFPR, Parmenion 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 always held to meet the OFAR. As part of the ICARA process the adequacy of capital to support current and future activities is monitored to ensure that Parmenion 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 Parmenion being assessed through reviewing several scenarios, as determined by the Parmenion Board, and comparing them with the base case scenario of our budgeted business plan. This approach identifies the time scale and extent of possible capital and liquidity deficiencies should an adverse scenario arise. The additional level of capital and liquidity required to cover Parmenion 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, Parmenion 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 is updated annually and is formally reviewed, challenged, and approved by the Parmenion Board on an annual basis, or more frequently if fundamental changes to the business require it. Capital adequacy and liquidity are also monitored more regularly, through the disclosures in the monthly management accounts that are distributed to the Executive Committee and the Board.

**Material Risk Takers (MRTs) and Staff Remuneration (MIFIDPRU 8.6)**

The table below provides information on the remuneration rewarded to all staff relating to the year ended 31 December 2024. During this period the Group had a total of 11 members of staff classified as material risk-takers. Nine of these are assessed as being members of the Executive Committee.

£'000s	Material risk takers	Other staff	Total
Fixed remuneration awarded	1,762	8,787	10,549
Variable remuneration awarded	755	1,299	2,054
<b>Total remuneration awarded</b>	<b>2,518</b>	<b>10,086</b>	<b>12,604</b>

During the year ended 31 December 2024, £108,490 of severance payments were made. There was no guaranteed variable remuneration awarded to senior management or material risk takers during the year.



# Parmenion

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Counterslip, Bristol, BS1 6BX.  
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Parmenion Capital Partners LLP  
Authorised and regulated by the  
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