R.J. O'Brien Limited

FRN: 114120

MIFIDPRU 8 Disclosures

19 September 2023

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1. Introduction

Headquartered in Chicago, the R.J. O'Brien Group ("RJO Group") is the largest and oldest U.S. independent futures brokerage and clearing firm and has been in operation for over a century. In the UK, R.J. O'Brien Limited ('RJOL', "the Firm"), provides execution and clearing in futures and options in the derivatives and equity markets. RJOL acts as the UK, European and Middle Eastern hub for the wider RJO Group. The principal activity of RJOL is that of clearing and execution brokerage on the world's major futures and options exchanges.

2. Risk Management Objectives and Policies

RJOL has put in place robust processes to identify and monitor risks and potential harms. Material harm is any risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.

The Firm seeks to minimize material harm by applying industry-standard risk management systems and controls. As such, the Firm has put in place a robust risk management framework that aims to identify, assess, control and mitigate harms to champion effective reporting of emerging risks. It is managed by the Risk Department and forms part of the Board of Directors' responsibility.

2.1 Business Strategy

The Firm offers electronic and voice access to markets across multiple asset classes. The major product groupings are:

- screen-executed, exchange-traded futures and options
- over-the-counter executed, cleared commodities contracts on ICE Futures
- cash bonds and cash equities

RJOL also provides ancillary real-time risk management across asset classes; tailored post-trade services; proximity and colocation services; and front, middle and back-office solutions for sell-side clients wanting to outsource technology and facilities management. In addition to execution and clearing, RJOL leverages its technology and operational platform to offer a middle and back-office outsourcing service to selected sell-side brokerage firms. There are robust risk management procedures to ensure daily coverage of any potential exposure.

2.2 Risk Appetite

The Firm understands that it cannot eliminate all potential risks and therefore has set its risk appetite for the risks that are inherent in doing business. This is, therefore, designed to address risks that the Firm has determined to be material, or where the long-term cost of controlling the risk does not exceed the benefits provided by the control, and to:

- Actively mitigate or avoid risks that could:
  - Negatively affect client funds on deposit
  - Lead to the breach of laws or regulations
  - Negatively impact the Firm's profitability

  - Negatively affect the Firm's reputation; and/or
  - Endanger the future existence of the Firm.
- Comply with applicable regulations.
- Control risks.
- Communicate and escalate risks & enhance risk awareness.
- Ensure adequate planning for risk related events.

The Firm's risk appetite is explained in more detail in section 2.4.

2.3 Risk Management Structure

As noted in section 3 on governance arrangements, the Firm's Board of Directors is ultimately responsible for ensuring that RJOL has adequate risk management arrangements. On a practical level, the Firm has a dedicated, independent risk team to measure and mitigate the key risks identified.

The risk team comprises 5 individuals, headed by one of the Firm's senior managers and forms part of the RJO Group's global risk management team. The Group operates a "follow the sun" model for risk management, so whilst the team has primary responsibility for RJOL and the group's UK operations, it is also providing global coverage for the Group. Likewise, outside of core UK hours, risk is managed from other global offices.

The team is responsible for client-facing risks throughout the client life cycle, including:

- Credit reviews at onboarding and on an ongoing basis.
- Reviewing the Firm's clients and their margin arrangements, and stress testing client portfolios.
- Ensuring client margin calls are met in a timely manner.
- Monitoring and reporting on operational risk incidents within the Firm.

2.4 Key Risks and the Firm's Risk Management

The Firm faces risks daily as it serves clients and operates within the financial markets. The risks that the Firm takes align with its strategic vision and willingness to accept a degree of volatility in earnings and occasional losses.

The Firm takes risks on clients across credit, liquidity, and operational functions as the primary risks. The Firm aims to manage these risks effectively, in line with its risk appetite.

The Firm will not take deliberate credit or market risk on financial assets which have significant uncertainties involved but accepts that it may have exposure to a default risk from customers, and exposure to limited structural market risk on its balance sheet.

The Firm will:

- manage credit risk on an individual contractual agreement basis.
- not take direct market risk on the basis that it is not part of its business model.

The main risks that RJOL is exposed to are as follows:

2.4.1 Credit Risk

Credit risk is the risk of a client or other counterparty defaulting on a payment or settlement obligation to the Firm. Credit risk arises from three sources:

- Clients: The Firm guarantees customer performance to exchange(s) and carrying broker(s). If a client defaults on its obligations, the Firm may experience a loss. The firm mitigates these risks by:
  - Proof of financial resources. Clients are required to provide proof of their financial resources to show ability to fund their positions.
  - Trading limits. Trading limits are established to ensure that position sizes do not exceed the client's means to support them.
  - Credit review. A credit review is undertaken on every client at the point of onboarding, and the client's credit standing will be checked periodically, with the frequency of review informed by post-trade stress testing. Clients of lower credit standing will be required to deposit funds in excess of standard margin requirements.
- Banks: Banks hold the Firm's working capital and client money held under the FCA's CASS rules. At any point in time, banks hold substantial funds, and a default of a bank might cause the Firm irreparable harm. This could include credit losses (if monies are never returned), as well as a loss of liquidity.
  - Diversification. The Firm considers both operational and concentration risk when setting diversification levels for both its client and house cash.
  - Credit review. The risk management function undertakes detailed credit analysis on all banking institutions with whom the Firm holds working capital and client money.
- Carrying brokers/Exchanges: RJOL provides its clients with access to the world's leading exchanges. The Firm is a direct clearing member of the London Metal Exchange ("LME"), whereas it uses carrying brokers to provide access to other exchanges and clearing houses. The Firm uses affiliated companies in the United States and Canada as well as unaffiliated third-party carrying brokers. The Firm is obliged to deposit funds with carrying brokers as part of the arrangement to use their services. If a carrying broker serving RJOL was to default, the Firm could experience a loss of some, or all the funds deposited with that clearing broker. In addition, a carrying broker default would cause significant operational disruption, loss of liquidity, and potential monetary loss.
  - Account limits. There are limits for both client omnibus ("segregated") and Firm ("non-seg") accounts. These limits are set by the Credit Committee and reviewed at least annually.
  - A preference for affiliated companies. New client accounts usually use the Firm's well-capitalised U.S. affiliate as the carrying broker.
  - Backups. Where feasible, the Firm will maintain backup arrangements to ensure prompt access should a carrying broker become unavailable.
  - Credit review. The risk management function undertakes detailed credit analysis on all 3rd party carrying brokers with whom the Firm holds working capital and client money.

2.4.2 Liquidity Risk

Liquidity risk is the risk that a company, although a going concern, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or it can only secure such resources at excessive cost.

At RJOL, liquidity risk is driven predominantly by transient mismatches between client and exchange/carry broker inflows/outflows. In situations when clients do not send margin due to RJOL in a timely manner, the Firm might need to advance funds on the client's behalf to the exchanges/carry brokers, resulting in a short term drain on the Firm's liquid resources. If a sufficiently large volume (in nominal terms) of calls is received and clients do not post quickly enough, the Firm may face a liquidity issue.

The Firm mitigates these risks by:

- Daily monitoring. The Firm monitors its available liquidity on an intra-day basis to ensure that it has sufficient available liquidity at all times.
- Margin management. The risk management function monitors margin requirements from exchange and carrying brokers actively. Margin calls are made promptly to clients and unanswered calls are actively tracked and pursued. The Firm can call clients intra-day for margin if necessary. In advance of known extended regional holidays, the risk management team will assess clients impacted and will call for additional funds to cover the period if required.
- Credit analysis. The risk management function undertakes detailed credit analysis on larger clients which incorporates an analysis of each client's liquidity position and ability to pay. The Firm may require higher than exchange margins from clients, which builds a liquidity buffer and for larger clients the Firm will also set margin limits, above which the client will be restricted from further trading.
- Credit Facilities. The Firm has a number of committed and uncommitted intra-day and overnight facilities to mitigate transient mismatches between client and exchange/carry broker inflows/outflows.

2.4.3 Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events or third parties.

The Firm mitigates these risks by:

- Internal and External Audit. The Firm engages specialists to carry out audits to provide industry perspective on best practices and potential control improvements.
- Risk register and risk and control self-assessments. Operational risks are inventoried in a risk register and risk self-assessments conducted as appropriate.
- Regulatory compliance policies and procedures. The Firm has implemented policies and guidance for employees to ensure full compliance with current laws, regulations, and other legal requirements.
- Reporting and escalation. The Audit & Risk Committee meets quarterly and reviews comprehensive reporting from the Firm's executive management team, including reports from the Compliance, Credit, CASS, and Capital Adequacy Committees.
- Insurance. The Firm maintains comprehensive insurance coverage including employers' liability, professional indemnity, public liability, travel and personal accident, business interruption, property, and cyber insurances.

2.4.4 Market Risk

Market risk is defined as the risk of loss arising from changes in the prices of financial assets or liabilities. Since the Firm does not maintain a proprietary trading book, market risk can only arise in the following ways at RJOL:

- Market risk can materialize if margin calls are not met by a defaulting client and the Firm becomes responsible for the client's positions. Since the market risk is contingent on a credit risk event (the client's default), it is addressed in section 2.4.1 Credit Risk.
- The Firm is exposed to market risk in the form of foreign currency (FX) risk. The Firm allows its clients to trade in products that are priced and margined in different currencies and each client has an account which can operate on a multi-currency basis. The Firm mitigates this risk by monitoring of FX positions through review of nostro account balances and reports from carrying brokers.

2.4.5 CASS Risk

CASS risk is defined as the risk that the Firm does not fully comply with the applicable provisions of the Client Assets sourcebook ("CASS") which could result in potential harm to clients which will result in a damaging effect on the Firm.

The Firm mitigates this risk by:

- Internal and External Audit. An internal audit is performed quarterly. This, as part of its third line of defense mechanism, provides assurance that the Firm's CASS control framework is designed and operating effectively. Control weaknesses identified are discussed and monitored at the CASSCo with immediate remedial actions implemented. No significant control weakness were raised during the financial year 2022. The external audit is conducted annually in conjunction with the annual financial statement audit.
- Governance and Monitoring: In accordance with CASS 7.12.2, senior management is involved in the overall oversight and monitoring of daily CASS procedures. This involves, but is not limited to, review and signoff of the daily internal client money reconciliation. A monthly CASS Committee is also chaired by the SMF with prescribed responsibility for CASS ("PRz"). This acts as a formal forum to raise, discuss, monitor and approve all CASS matters.

2.4.6 Other Risks

Other risks that the Firm is exposed to include:

- Conduct and Financial Crime Risk
- Fraud
- Strategic and Business Risk
- Interest Rate Risk
- Reputational Risk
- Legal Risk

3. Governance Arrangements

3.1 Board of Directors

The Directors are ultimately responsible for the oversight of the Firm and for setting its strategy and monitoring its governance structure. The Firm's Board of Directors is ultimately responsible for ensuring adequate risk management arrangements and the provision of sufficient capital and liquidity.

RJOL holds quarterly board meetings where the Directors consider performance of the Firm, including strategic developments, market conditions and key management issues. The Board receives formal reports from senior management and the chairpersons of its sub-committees, including the Audit & Risk Committee ("ARC"). The Board will consider and review these reports to ensure that the Firm remains within its appetite for operational and other risks.

The Board consists of 2 non-executives, 1 independent non-executive and the Chief Executive Officer. The Chair is the Global Chief Financial Officer of the R.J. O'Brien Group, the other non-executive director is the Group's Chief Risk Officer.

As of 31 December 2022, the number of directorships held by members of the Board outside of the RJO Group were as follows:

Name	Position	Directorships Held
James Gabriele	Chairman: Non-Executive Director	-
Mark Phelps	Executive Director	-
Brad Giemza	Non-Executive Director	-
Peter Green	Independent Non-Executive Director	4

3.2 Board Diversity

The Firm is committed to encouraging equality, diversity and inclusion among its workforce and eliminating unlawful discrimination. We believe diversity of backgrounds, experiences and thoughts increases innovation, fosters faster problem solving and results in better decision making. The Firm maintains an Equality, Diversity and Inclusion policy, which is fully supported by the Company's senior management and has been reviewed with employee representatives. The policies' purpose is to:

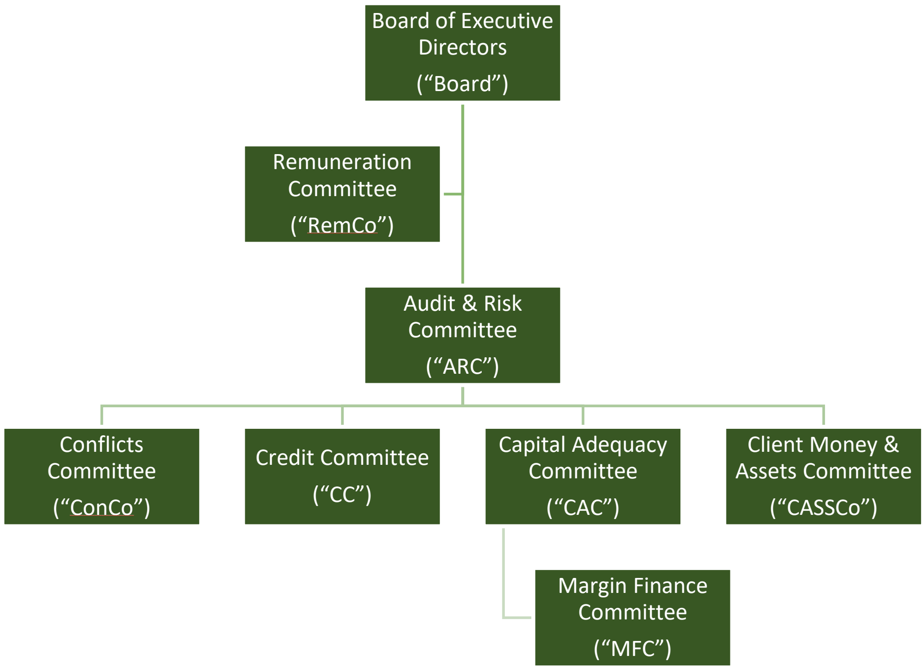
- Provide equality, fairness and respect for all in our employment, whether temporary, part-time or full-time.
- Not unlawfully discriminate against an employee, contractor, job applicant or visitor because of the Equality Act 2010 protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including colour, nationality and ethnic or national origin), religion or belief, sex and sexual orientation.
- Oppose and avoid all forms of unlawful discrimination. This includes in pay and benefits, terms and conditions of employment, dealing with grievances and discipline, dismissal, redundancy, leave for parents, requests for flexible working, selection for employment, promotion, training or other developmental opportunities.

The policy also underlines how the Firm commits to these policies and has incorporated these into its employee handbook.

3.3 Board Committees

The Board is the governing body of the Company. The Board delegates responsibility to the various sub-committees that report to the Board on a periodic basis.

The Board delegates day-to-day management to the Executive Committee and a number of sub-committees. All committees have Terms of Reference clearly setting out their membership and responsibilities. The diagram below describes the Firm's governance structure.



3.3.1 Remuneration Committee (RemCo)

See section 6.1.

3.3.2 Audit & Risk Committee (ARC)

The ARC is authorised by the Board and assigned responsibility to monitor and assess:

- The integrity and effectiveness of the control and risk management framework
- The integrity of the financial statements
- The role and effectiveness of, and relationship, with the Firm's external auditors and the services they provide.

3.3.3 Conflicts Committee (ConCo)

The ConCo is authorised by the ARC to identify, consider and advise on conflicts of interest that arise in the Firm's ordinary course of business, and to take steps (as appropriate) to approve and review measures to control the identified conflicts of interest.

3.3.4 Credit Committee (CC)

The CC is authorised by the ARC and assigned responsibility to undertake strategic oversight of the measurement and management of the Company's risk and credit related arrangements and policies.

3.4 Capital Adequacy Committee (CAC)

The CAC is authorised by the ARC and assigned responsibility for the day-to-day management and oversight of the Company's capital and liquidity. The CAC oversees and is responsible for the MFC. The MFC is authorised by the ARC and assigned responsibility for overseeing the policies and procedures on margin financing matters alongside the review and processing of applications.

3.4.1 Client Money & Assets Committee (CASSCo)

The CASS Committee is authorised by the ARC and assigned responsibility for the oversight of the Company's client money policies and procedures.

3.4.2 Margin Finance Committee (MFC)

The MFC is authorised by the ARC and assigned responsibility for overseeing the policies and procedures on margin financing matters alongside the review and processing of applications.

4. Own Funds

As at 31 March 2023, the Firm maintained own funds of £20.3 million. The below regulator-prescribed tables provide a breakdown of the Firm's own funds:

Composition of regulatory own funds			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**20,324**	
2	**TIER 1 CAPITAL**	**15,837**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**15,837**	
4	Fully paid up capital instruments	22,414	Statement of Financial Position
5	Share premium	486	Statement of Financial Position
6	Retained earnings	(5,591)	Statement of Financial Position
7	Accumulated other comprehensive income	0	
8	Other reserves	174	Statement of Financial Position
9	Adjustments to CET1 due to prudential filters	0	
10	Other funds	0	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(1,646)	Note 12
19	CET1: Other capital elements, deductions and adjustments	(1,646)	
20	**ADDITIONAL TIER 1 CAPITAL**	**0**	
21	Fully paid up, directly issued capital instruments	0	
22	Share premium	0	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	
24	Additional Tier 1: Other capital elements, deductions and adjustments	0	
25	**TIER 2 CAPITAL**	**4,487**	
26	Fully paid up, directly issued capital instruments	4,487	Note 17
27	Share premium	0	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	0	
29	Tier 2: Other capital elements, deductions and adjustments	0	

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 31 December 2022	As at 31 December 2022	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements (in £'000)				
1	Fixed Assets	605		
2	Subsidiary Investments	1,646		Item 11
3	Other Investments	10,014		
4	Cash at Bank	20,804		
5	Trade/ Other Receivables	54,348		
	Total Assets	**87,417**		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements (in £'000)				
1	Trade/ Other Creditors	61,928		
2	Accruals/ Deferred Income	2,918		
3	Tax/ Social Security	601		
4	Subordinated Loan	4,487		Item 26
	Total Liabilities	**69,934**		
Shareholders' Equity (in £'000)				
1	Share Capital	22,414		Item 4
2	Retained Earnings	-5,591		Item 6
3	Share Premium	486		Item 5
4	Other Reserves	174		Item 8
	Total Shareholders equity	**17,483**		

5. Own Funds Requirements

The Firm is required to hold own funds that are greater than the own funds requirement. As a Non-SNI firm, RJOL's own funds requirement will be the higher of:

- Permanent Minimum Capital ('PMR') – based on the Firm's regulatory permissions.
- Fixed Overhead Requirement ('FOR') – 25% of the Firm's 'relevant expenditure' from the most recent audited financial statements.
- K-Factor Requirement ('KFR') – the total calculated requirement as per MIFIDPRU 4.6.
- Transitional Own Funds Requirement.

The below table demonstrates the various components of the Firm's base own funds requirement:

Category	31st March 2023 (£'000)
Own Funds - Base Requirement (Max(A;B;C;D))	**10,449**
(A) PMR Permanent Minimum Requirement	750
(B) FOR Fixed Overhead Requirement	3,446
(C) KFR K-Factor Requirement	9,838
- K-AUM/K-CMH/K-ASA	*3,416*
- K-DTF/K-COH/K-CON	*2,886*
- K-NPR/K-TCD - Net positon risk/Trading counterparty default risk	*3,536*
(D)Transitional Own Funds Requirement	10,449

To comply with the Overall Financial Adequacy Rule (OFAR), the Firm must hold the higher of:

(a) the amount of own funds that the Firm requires at any given point in time to fund its ongoing business operations, taking into account potential periods of financial stress during the economic cycle; and

(b) the amount of own funds that the Firm would need to hold to ensure that the Firm can be wound down in an orderly manner.

As part of this working, in addition to K-factor calculations, the Firm assesses the capital it is required to hold against its residual risks/harms. The residual risks drive a capital calculation, and this output is compared against the risks considered in the K-factors. Each risk is assessed against all applicable K-factors and the extent to which the residual risks are not already considered in the K-factor calculation, determines whether additional capital is required to be held.

6. Remuneration Policy and Practices

6.1 Remuneration Committee

The Remuneration Committee is responsible for setting and overseeing the implementation of the Firm's remuneration policy and practices. The Remuneration Committee is comprised of the Group General Counsel, Chief HR Officer, and is chaired by an Independent Non-Executive Director.

The role of the Remuneration Committee is to take into account any factors which it deems necessary in order to promote the long-term success of the Company, including:

- Relevant legal and regulatory requirements
- The desire to attract, retain and motivate management and key staff by linking rewards to corporate and individual performance without paying more than is necessary; and
- Adherence to the Company's appetite for risk

The Committee will have responsibility for the oversight and implementation of the remuneration policy covering such matters as:

- Annual review/approval of the remuneration policy statement
- Annual review of the FCA form MIF008

- Identification of Material Risk Takers for the purposes of FCA SYSC 19A
- Review and approval of remuneration policies to ensure:
    - Compliance with regulations.
    - Consistency with the promotion of the Company's effective risk management, business objectives and values.
    - Discouragement of risk-taking that exceeds the Company's tolerated level of risk.
    - Bonuses do not have a detrimental effect on the Firm's ability to meet its capital requirements on an on-going basis.

6.2 Material Risk takers

The firm has applied the following criteria in identifying its "Material Risk Takers" – i.e., those who could have a material impact upon the risk profile of RJOL. An MRT is an individual who is any of the following:

- a member of the management body in its management function.
- a member of the management body in its supervisory function.
- a member of senior management.
- responsible for business units carrying on at least one of the following regulated activities:
    - arranging deals in investments.
    - dealing in investments as agent.
    - dealing in investments as principal.
    - managing investments.
    - making investments with a view to transactions in investments.
    - advising on investments, except P2P agreements; and/or,
    - operating an organised trading facility.
- responsible for the prevention of money laundering and terrorist financing.
- responsible for managing risk.
- responsible for information technology, security or outsourcing.
- in a position to take decisions approving or vetoing the introduction of new products.
- an earner of a high proportion of revenue.
- a senior advisor who can exert key strategic influence.
- a Head of desk.

6.3 Types of remuneration

6.3.1 Fixed Remuneration

Fixed remuneration reflects a staff member's professional experience, knowledge and work responsibilities, as set out in their job description and terms of employment. It is predetermined and non-discretionary.

6.3.2 Discretionary Bonuses

The majority of RJOL's staff are eligible to be considered for a discretionary bonus. In general, the discretionary bonus of Back-Office staff is annual, whereas Front-Office brokers may receive bonuses on a monthly, quarterly, bi-annual or yearly basis. But the factors that are taken into account are essentially the same:

- capability
- conduct
- individual performance
- compliance with regulatory obligations
- financial performance of the relevant business unit (where applicable), of the Company, and of the RJO Group.

Awards are made from a bonus pool, the size of which is dependent on the Board's consideration of:

- the financial success of RJOL in the relevant period.
- not having a detrimental effect on the Firm's ability to meet its capital requirements on an on-going basis.
- its projected performance; and
- the overall profitability and capital position of the wider RJO Group, as well as its own growth strategies and projections.

Annual bonuses for Back-Office staff are paid after:

- the year-end, when the Company is in a position to assess its previous year's financial performance; and
- the completion of staff performance reviews, where the Company is able to assess individual performance for the previous performance year.

In the Front-Office, though successful contribution to the business is most obviously measured in terms of revenue production, the discretionary nature of the awards means that the Company has wide scope to take into account other considerations. These could include, for example, contribution to new workstream development or a positive desk or dealing floor atmosphere, attendance, compliance and diligence, and so on.

6.3.3 Formulaic Commission Payout

It is the market norm to reward senior broking staff through payment of a percentage of the revenue that they have produced for the Company. Naturally, the intention is to motivate and reward revenue generation. Their contracts will detail the arrangement and contain an example calculation for the sake of clarity. Bonuses are made on a monthly/quarterly/bi-annual or half-yearly basis, depending on the individual's arrangement with the Company.

Payouts are only made on commission billed and received, no broker benefits from any error or overpayment. There is no vesting period. Any "deferral" might only apply where earned commissions are deemed to be lower than any fixed monthly payment that the individual receives. In such a case, the appropriate amount is deducted from future earned commissions that exceed that monthly sum, until equilibrium is achieved.

Payouts are subject to impact from conduct: every broker is bound to use all proper skill and care and is obliged to comply with all applicable FCA rules. Compliance breaches, fines by exchanges and regulators, any client debit balances, errors and other similar risk matters could all reduce the overall payment to the individual. The contracts expressly recognise the Company's and broker's obligation to comply with the FCA's Remuneration Code, as may be amended from time to time.

6.3.4 Ex-Post Risk Adjustment

As well as encouraging and rewarding those who contribute to its continued success, RJ O'Brien believes that no-one should benefit from their wrongdoing.

This principle is also reflected by the FCA in its approach to how those in a regulated environment are remunerated. The UK's Investment Firms Prudential Regime (IFPR) introduced a new remuneration code which affects the Company and its employees and contractors directly.

"Ex-post risk adjustment" is the reduction, following the crystallisation of a specific risk or poor performance/misconduct outcome, in the amount of variable remuneration to which an individual would otherwise have been entitled. It includes:

- reducing current year awards.
- the application of "malus" – i.e., reducing or cancelling a future or deferred award; and
- claw back – the recouping of already vested awards.

In the event that any action or inaction by anyone working for RJOL has a material impact on the categories listed below, the Company will consider adjusting a person's variable remuneration, whether past, present or future.

The Company will look at all of the circumstances surrounding any in/action that has a materially negative effect in the following areas:

- the impact on its customers, counterparties and the wider market,
- the impact of the failure on its relationships with its other stakeholders including, shareholders, employees, creditors, the taxpayer and regulators,
- the cost of fines and other regulatory actions,
- direct and indirect financial losses attributable to the relevant failure; and
- reputational damage.

The type of cases where an ex-post risk adjustment might have to be made would be, for example, if anyone working for RJOL:

- has participated in or was responsible for conduct which resulted in significant losses to the Company or relevant business unit.
- has acted in any manner which has brought, or is likely to bring, the Company or any Group company into material disrepute.
- acted in a fraudulent or dishonest manner.
- has failed to meet appropriate standards of fitness and propriety; or
- acts in any materially wrong way, even if those matters only come to light after the bonus has been paid.

6.4 Quantitative Remuneration Disclosures

The below tables quantify the headcount and remuneration paid by the Firm in the financial year ending the 31st of December 2022. For additional detail, the tables segregate the MRT's into two categories: Front-Office and Senior Management. This is used to differentiate the MRT's who hold a control function from the ones who are linked to revenue generation.

Total Remuneration (£)

Type	Fixed Remuneration	Variable Remuneration	Total Remuneration
All Staff	7,690,242	10,073,443	**17,763,685**

Material Risk Takers/Headcount

Type	No. of Employees
Front Office MRT's	16
Senior Mgmt MRT's	9
Non-MRT's	90
Total	**115**

Fixed vs Variable Remuneration (£)

Type	Fixed Remuneration	Variable Remuneration	Total Remuneration
Front Office MRT's	1,225,058	8,577,407	**9,802,465**
Senior Mgmt MRT's	1,138,410	273,452	**1,411,862**
Non-MRT's	5,326,774	1,222,584	**6,549,358**
Total	**7,690,242**	**10,073,443**	**17,763,685**

All variable remuneration was paid in cash.

Guaranteed Remuneration/Severance Payments

The Firm does not currently offer guaranteed variable remuneration and no MRT's were awarded any severance payments in the financial year.

Deferred Remuneration

The Firm does not currently offer deferred remuneration and as a result none was awarded in the financial year.