SYNERGY FINANCIAL PRODUCTS LIMITED (SFPL)
MIFIDPRU 8 DISCLOSURE (formerly Pillar 3 Disclosure)

REGULATORY BACKGROUND

SFPL is incorporated in the UK and is authorised and regulated by the Financial Conduct Authority (FCA) as a non-SNI MiFIDPRU firm (FCA's Investment Firm Prudential Sourcebook)subject to a minimum permanent capital requirement of £150,000 as:

- it does not deal on its own account and
- it holds client money and securities in relation to investment services that it provides.

The UK CRR is the UK version of Regulation of the European Parliament and the Council on prudential requirements for credit institutions and investment firms (Regulation (EU) No 575/2013) and amending Regulation (EU) No 648/2012, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (EUWA), read together with any CRR rules as defined in section 144A of the Financial Services and Markets Act 2000. These (MIFIDPRU 8) disclosures replace the disclosure requirements previously required by Pillar 3 of the Capital Requirements Directive (CRD)

The MIFIDPRU disclosure requirements are set out in the FCA's Prudential Sourcebook for Banks, Building Societies and Investment Firms MIFIDPRU 8, Specifically:

- MIFIDPRU 8.2 Risk management objectives and policies
- MIFIDPRU 8.3 Governance arrangements
- MIFIDPRU 8.4 Own funds
- MIFIDPRU 8.5 Own funds requirements
- MIFIDPRU 8.6 Remuneration policy and practices

MIFIDPRU 8.2 requires a firm to disclose its risk management objectives and policies for Own funds requirements, Concentration risk and Liquidity.

SUMMARY

As a non-SNI MiFIDPRU investment firm, SFPL safeguards and administers client assets and money, but does not deal on its own account. Therefore, the main protection to our customers is provided through segregation of client assets and client money.

SFPL's greatest risks have been identified as key man risk, business risk (deterioration of income and profits due to the closed book of most of our products) and capital adequacy.

SFPL is required to disclose its risk management objectives and policies for each separate category of risk which include:

- the strategies and processes to manage those risks;
- the structure and organisation of the relevant risk management function or

other appropriate arrangements;
- the scope and nature of risk reporting and measurement systems; and
- the policies for mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of mitigants.

SFPL has assessed its major risks in its Internal Capital Adequacy Risk Assessment (ICARA) and set out appropriate actions to manage them. From 2022, the ICARA has been formally reviewed on an annual basis or more frequently if there is a material change in the internal or external business environment.

APPLICATION BY SFPL

The following points should be noted with regard to SFPL's application of the MIFIDPRU 8 disclosures:

- SFPL makes the MIFIDPRU 8 disclosure annually as required under the regulations. The disclosure is as at the accounting reference date, 30 June 2022.
- The disclosure is published on our websites - sfpl.co.uk and yourinvestore.com
- The information contained in this document has not been audited by the firm's external auditors, as this is not a requirement, and does not constitute any form of financial statement and must not be relied upon in making any judgement on SFPL.
- SFPL regards information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. If the firm deems a certain disclosure to be immaterial, it may be omitted from this statement in accordance with the regulations.
- SFPL regards information as proprietary if sharing that information with the public would undermine its competitive position. Proprietary information may include information on products or systems which, if shared with competitors, would render SFPL's investments less valuable. Further, SFPL must regard information as confidential if there are obligations to customers or other counterparty relationships binding SFPL to confidentiality.

IMPLEMENTATION OF DISCLOSURE REQUIREMENTS IN MIFIDPRU 8

MIFIDPRU 8.2

Disclosure: Risk management objectives and policies

Risk Management Objective
SFPL has a risk management objective to develop systems and controls to mitigate risk to within its risk appetite.

Governance Framework
The Board of Directors is the governing body of the firm and has the overall management and oversight responsibility. It meets regularly (at least every three months).

The Board of Directors is responsible for the entire process of risk management, as well as forming its own opinion on the effectiveness of the process. In addition, the governing body decides SFPL's risk appetite or tolerance for risk and ensures that SFPL has implemented an effective, ongoing process to identify risks, to measure their potential impact, and then to ensure that such risks are actively managed. Senior Management is accountable to the Board of Directors for designing, implementing and monitoring the process of risk management and implementing it into the day-to-day business activities of SFPL. SFPL has a Risk Committee with documented terms of reference which meets as required. The committee members are SFPL's Board of Directors, CFO, investment manager and compliance officer. Risk issues identified by the Risk Committee are included in the compliance officer's report to the Board.

Operational Risk Framework

Risk within SFPL is managed as follows:

- SFPL has a conservative approach to risk;
- SFPL has identified its risks and recorded them in a risk matrix;
- The risk matrix is reviewed by the firm's compliance officer regularly and reported quarterly to the Board of Directors
- SFPL has in place an internal control framework to govern its processes and procedures and to mitigate any risks;
- SFPL has in place professional indemnity insurance.

SFPL's main exposure to credit risk is the risk that money held in SFPL company accounts is frozen due to failures of the accounts providers. This could result in clients' premiums not being collected, including SFPL's commission. Therefore, credit risk is considered low. The firm holds all cash with banks which have been assigned high credit ratings, and these are regularly reviewed.

MIFIDPRU 8.3

Disclosure: Governance arrangements

The Board of Directors is responsible for leading and directing the affairs of SFPL. The purpose of the Board is to ensure the sound and prudent management of the Company, generating value for stakeholders, including its shareholder, and contributing to wider society. The Board is guided by its terms of reference, which provide a framework for governance practices, and clearly set out the Board's overall leadership responsibility and matters reserved for its consideration and approval. Duties are conducted in a manner that is consistent with the Company's Articles of Association and applicable regulatory, legal and governance requirements. The Board meets as frequently as required, but no less than once per quarter. The Board is responsible for agreeing the Company's risk appetite, and reviewing the company's risk management and internal control framework to ensure that risk is monitored and controlled effectively.

MIFIDPRU 8.4

Disclosure: Own funds

SFPL capital resources as at 30 June 2022 are show below:

Own Funds in £k:

Paid up share capital	273
Share premium account	350
Capital contribution reserve	300
Profit and loss reserves	280
Total equity	1,203
Less : Intangible assets	-106
Tier 1 capital	1,097

SFPL does not include within its Tier 1 capital any intangible assets. There is no Tier 2 and Tier 3 capital, hence the Total Capital Resources for SFPL was £1,097,411 as at 30 June 2022.

MIFIDPRU 8.5
Disclosure: Own funds requirements and Capital Adequacy

ICARA (as at 30 June 2022 in £k)

CET1 own Funds held (MIFIDPRU 3.3):	1,097
ATI own fund held (MIFIDPRU3.4):	0
T2 own funds held (MIFDPRU 3.5):	0
<u>Own funds threshold requirements</u>	
Permanent minimum requirement:	150
Own fund to address risks form on going activities (i.e. sum of all K-factors):	24
Fixed Overhead requirement:	99
Own Funds Threshold requirement:	174
Surplus	923

As at 30 June 2022, SFPL has a capital requirement surplus of £923k. The company has at all times maintained surplus capital resources to satisfy minimum capital requirements.

SFPL capital adequacy position is monitored by the Company's Finance function and reported to the FCA on a quarterly basis. Based on these reviews, the Board is able to consider the need to change any capital forecasts and plans accordingly. From 2022, the ICARA will be formally reviewed on an annual basis or more frequently if there is a material change in the internal or external business environment.

MIFIDPRU 8.6

Disclosure: Remuneration policy and practices

The firm is a Remuneration Code Proportionality Level 3 Firm and has applied the rules appropriate to its Proportionality Level. The Board of Directors is responsible for SFPL's remuneration policy. All variable remuneration is adjusted in line with capital and liquidity requirements.

Remuneration code staff remuneration by business area

Business area	**Total remuneration**
All businesses	£207k
Totals	**£207k**

Aggregate quantitative remuneration by senior management and other remuneration code staff

Type of Remuneration Code Staff	**Total remuneration**
Senior Management (SIF)	£116k
Other remuneration code staff	£91k
Totals	**£207k**