

Barclays Investment Solutions Limited

MIFIDPRU 8 Disclosure

31 December 2022

MIFIDPRU Disclosure Requirements

MIFIDPRU 8 sets out the disclosure requirements for Barclays Investment Solutions Limited (BISL) as a non-SNI MIFIDPRU investment firm. The key areas for disclosure requirements are:

- i. Risk management objectives and policies (MIFIDPRU 8.2)
- ii. Governance arrangements (MIFIDPRU 8.3)
- iii. Own Funds (MIFIDPRU 8.4)
- iv. Own funds requirements (MIFIDPRU 8.5)
- v. Remuneration policy and practices (MIFIDPRU 8.6)
- vi. Investment policy (MIFIDPRU 8.7)

The MIFIDPRU 8 disclosure is required at an individual entity level.

It is acknowledged that the firm's parent, Barclays Bank UK PLC, has published Pillar 3 information on its remuneration, risk management objectives and policies and on its regulatory capital requirements and resources. This information is available at <https://www.home.barclays/barclays-investor-relations/results-and-reports/annual-reports.html>.

BISL applies the same general principles as set out in the BBUKPLC Pillar 3 disclosure.

The table below and the subsequent appendices 1-5 set out the disclosure requirements for BISL as a non-SNI MIFIDPRU investment firm.

Disclosure Requirement	Reference
Risk management objectives and policies MIFIDPRU 8.2	Appendix 1
Governance arrangements MIFIDPRU 8.3	Appendix 2
Own funds MIFIDPRU 8.4	Appendix 3: uses the template from MIFIDPRU 8 Annex 1R to disclose the information requested at MIFIDPRU 8.4.1R
Own funds requirements MIFIDPRU 8.5	Appendix 4
Remuneration policy and practices MIFIDPRU 8.6	Appendix 5
Investment policy MIFIDPRU 8.7	N/A: This disclosure relates to investments where the shares are directly held on the entity balance sheet or has a voting right attached to a share in a fiduciary capacity. The Company deals in securities on behalf of clients, not on its own account and does not hold shares on its balance sheet. This disclosure is therefore considered not applicable for the Company.

Appendix 1: MIFIDPRU 8.2 Risk Management Objectives and Policies

The following information sourced from the Company's financial statements and ICARA is disclosed with respect to MIFIDPRU 8.2 Risk management objectives and policies.

Risk Management

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of the Barclays Group risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them.

Risk is inherent in the business activities of the Company and whilst it is not possible nor desirable to eliminate risk altogether, uncontrolled risk poses a threat to the profitability of the Company and its potential long term viability. The Risk Management Framework in place is developed and implemented to manage risk in a manner appropriate to the business activities and strategic objectives and to confirm there is sufficient capital to cover the risks to which the business is exposed whilst delivering successful outcomes for clients, safeguarding their interests and fulfilling regulatory obligations.

Principal risks and uncertainties

The Company is exposed to internal and external risks of ongoing activities. These risks are managed as part of the Company's business model.

The Company's risk management framework is described below and key performance indicators remain within the risk appetite defined by the Company.

Enterprise Risk Management Framework

For the Company, risks are identified and overseen through the Enterprise Risk Management Framework, which supports the business in its aim to embed risk management and a strong risk management culture. The Enterprise Risk Management Framework specifies the principal risks of the Company and the approach to managing them.

Own Funds, Concentration Risk and Liquidity

Own Funds: management conducts its own assessment of risk with reference to all the principal risks identified through the Enterprise Risk Management Framework. These principal risks and their relevance to the Company are described in the table below.

Concentration Risk: the Company deals in securities on behalf of clients, not on its own account. Securities transactions in the normal course of settlement are excluded under MIFID 5.10.1 (2). Therefore, the Company's concentration risk focuses on assets not recorded in the trading book. This risk is monitored under the Credit Risk principal risk category.

Liquidity Risk: this is monitored under the Treasury and Capital Risk principal risk category.

Appendix 1: MIFIDPRU 8.2 Risk Management Objectives and Policies

continued

Principal Risk	Barclays ERMF Definition	Applicability to BISL
Credit Risk	The risk of loss to the firm from the failure of clients, customers or counterparties (including sovereigns), to fully honour their obligations to the firm, including the whole and timely payment of principal, interest, collateral and other receivables.	BISL is exposed to Credit Risk as part of its day-to-day business activities. Its main exposures are through trade debtors, deferred tax assets to HMRC and settlement risk on balances with Barclays Group. BISL has minor exposure to FX Risk as it does settle payments for debtors and creditors in currencies other than GBP.
Market Risk	The risk of loss arising from potential adverse changes in the value of the firm's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.	BISL is also indirectly exposed to Market Risk as it arises in client portfolios and is governed via the Fiduciary Investment Risk Policy & Standard. Failure to manage could lead to materialisation of Conduct and/or Reputational Risks.
Treasury and Capital Risk	Liquidity Risk: The risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets Capital Risk: The risk that the firm has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments and stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the firm's pension plans Interest Rate Risk in the Banking Book: The risk that the firm is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non traded) assets and liabilities	BISL is exposed to Capital Risk should it not maintain sufficient capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments and stressed conditions. BISL is exposed to Liquidity Risk should it not hold an adequate liquidity to meet its internal and external requirements.
Operational Risk	The risk of loss to the firm from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.	Operational risk is a material risk to BISL. A scenario based approach is used to quantify Operational Risk for BISL.
Model Risk	The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.	BISL is exposed to Model Risk should there be adverse consequences due to incorrect or misused model outputs and reports.
Reputation Risk	The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the firm's integrity and/or competence.	Reputation Risk is relevant to BISL in the case that any actions, investment, event, decision or business relationship fail to meet client expectations and/or reduce trust in the firm's integrity and/or competence.
Conduct Risk	The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the firm's products and services.	BISL is exposed to Conduct Risk in the case that inadequate delivery of the firm's products & services lead to poor outcomes or harm to customers, clients and markets.
Legal Risk	The risk of loss or imposition of penalties, damages or fines from the failure of the firm to meet its legal obligations, including regulatory or contractual requirements.	Legal Risk is relevant for BISL, should it face loss or imposition of penalties, damages or fines from failure to meet its legal obligations, including regulatory and contractual requirements
Climate Risk	Climate Risk is defined as the impact on Financial and Operational Risks arising from climate change through physical risks, risks associated with transitioning to a lower carbon economy and connected risks arising as a result of second order impacts of these two drivers on portfolios.	Climate Risk is a principal risk for Barclays Group, therefore climate considerations are relevant to BISL in investment management and strategy.

Appendix 1: MIFIDPRU 8.2 Risk Management Objectives and Policies

continued

Risk Appetite

Risk Appetite defines the level of risk the Company is willing to take across the different risk types, taking into consideration varying levels of financial and operational stress. Risk Appetite is key in any decision making process, including ongoing business planning, new product approvals and business change initiatives. The management of risk is embedded into each level of the business, with all colleagues being responsible for identifying and controlling risks.

Three Lines of Defence

The First Line of Defence is comprised of the revenue generating and client facing areas along with all associated support functions, including Finance, Treasury, Human Resources and Operations and Technology. The First Line identifies its risks, and sets the policies, standards and controls, within the criteria set by the Second Line of Defence.

The Second Line of Defence is made up of Risk and Compliance and oversees the First Line by setting the limits, rules and constraints on their operation, consistent with the Risk Appetite.

The Third Line of Defence is comprised of Internal Audit, providing independent assurance to the Board and Executive Management.

Although the Legal function does not sit in any of the three lines, it works to support them all and plays a key role in overseeing Legal risk. The Legal function is also subject to oversight from the Risk and Compliance functions with respect to the management of operational and conduct risks.

Monitoring the Risk Profile

Together with a strong governance process, using Business and Group-level Risk Committees as well as Board level forums, the Directors of the Company receive regular information in respect of the risk profile of the Company, and have ultimate responsibility for Risk Appetite and capital plans.

The Directors have established a Board Risk Committee and a Board Audit Committee to implement and oversee this framework. The Board Risk Committee defines the risk appetite of the Company within that framework and the Board Audit Committee monitors the key performance indicators, by reviewing the controls that operate within the framework.

Appendix 2: MIFIDPRU 8.3 Governance arrangements

The following information describes the governance arrangements of the Company.

Management of the Company

The Board is the management body of BISL and has a schedule of Matters Reserved to the Board which states that its responsibilities include:

- Responsibility for the overall leadership of BISL
- Approval of BISL strategic aims and objectives
- Approval of the BISL Risk Appetite
- Responsibility for overseeing the maintenance of a sound system of audit, risk management, compliance and internal control and approval of BISL's Risk Management Framework
- Adoption and review of policies.

The Board has standing committees which operate primarily in an advisory/review capacity and whose responsibilities are contained in written Terms of Reference. None has executive powers although the BISL Board Audit Committee, BISL Board Remuneration Committee, BISL Board Risk Committee and BISL Board Nominations Committee all have important control functions. Membership of standing committees is restricted to Non-Executive Directors.

The Board has scheduled meetings at least four times a year and receives written reports from senior management on key areas of the business and key functions as well as receiving reports from the standing committees.

The Board maintains a conflicts of interest register and has adopted Charter of Expectations which sets out the role profile and expectations for Directors,

The Board and its standing committees are subject to annual evaluations.

Directorships

Two directors held one directorship; two directors held two directorships; and one director held four directorships.

No waiver has been requested in order to allow a member of the management body to hold additional directorships.

Diversity Policy

Gender Diversity

The Board's current target is to ensure that by 2025:

- The proportion of women on the Board is at least 40 per cent; and
- At least one of the following senior Board positions is held by a woman: Chair, Chief Executive or Chief Finance Officer,

and that this is maintained going forward.

The proportion of women on the Board is 40% and women hold the positions of Chair and Chief Executive.

Ethnic Diversity

The Board's target is that at least one Board member is from a minority ethnic background excluding white ethnic groups.

The target has not been achieved because of a lack of candidates from minority ethnic backgrounds and so there will be emphasis on having more candidates from such backgrounds in future recruitment processes.

Given the relatively small size of the Board and the length of Board terms the target date is 2029.

Risk Committee

The firm is required to have a Risk Committee and has established a Risk Committee.

Appendix 3: MIFIDPRU 8.4 Own Funds

Composition of regulatory own funds
31 December 2022

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	108,206	Note 22
2	TIER 1 CAPITAL	108,206	Note 22
3	COMMON EQUITY TIER 1 CAPITAL	108,206	Note 22
4	Fully paid up capital instruments	22,325	Note 22
5	Share premium	53,425	Note 22
6	Retained earnings	32,456	Note 22
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		
19	CET1: Other capital elements, deductions and adjustments		
20	ADDITIONAL TIER 1 CAPITAL		
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	TIER 2 CAPITAL		
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		

Appendix 3: MIFIDPRU 8.4 Own Funds

continued

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements 31 December 2022				
		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
		As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Investments in equity-accounted associates	0		
2	Deferred tax assets	6		
3	Cash and cash equivalents	227,144		
4	Cash collateral and settlement balances	74,516		
5	Trade and Other receivables	44,803		
	Total Assets	346,469		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Cash collateral and settlement balances	76,862		
2	Trade and other payables	156,673		
3	Current tax liabilities	2,392		
4	Provisions	2,336		
	Total Liabilities	238,263		
Shareholders' Equity				
1	Share capital	22,325		4
2	Share premium reserve	53,425		5
3	Retained earnings	32,456		6
	Total Shareholders' equity	108,206		

Appendix 4: MIFIDPRU 8.5 Own Funds Requirements

The IFPR rules seek to mitigate risk to clients and risk to the market, as well as the regulatory focus of risks of firm. Firms are expected to hold sufficient capital and liquidity, in their own name, to meet these risks. BISL is an FCA investment firm and subject to these ICARA requirements (Internal Capital Adequacy & Risk Assessment).

The Company has considered the INITIAL CAPITAL REQUIREMENT as the highest value from three different tests:

- i. The firm's Permanent Minimum Requirement (£750k).
- ii. The firm's Fixed Overheads Requirement (one quarter of its fixed cost base).
- iii. The firm's K-factor Requirement (a prescribed regulatory capital assessment).

In addition to the Company's INITIAL CAPITAL REQUIREMENT, as part of its ICARA process and to determine its OVERALL CAPITAL REQUIREMENT, the Company has also assessed whether it should hold additional own funds adequate for:

- i. The estimated cost of executing an orderly wind down of the firm with minimal market disruption.
- ii. The firm's assessment of the specific risks for its ongoing operations and the capital it should hold against those risks.

The Company has also conducted a stress test of its expected capital resource to ensure resources remain above capital requirement during a stress event.

The capital requirements have been assessed and having considered the Company's risk appetite the ICARA process has set the Company's capital requirement. The Company maintains capital resource above that requirement and continues to monitor the capital surplus and related early warning indicators.

The table below sets out the Company's K-factor requirements and fixed overhead in accordance with MIFIDPRU 8.5.1

Disclosure Requirement	£'000
Sum of the K-AUM requirement, the K-CMH requirement and the K-ASA requirement	21,600
Sum of the K-COH requirement and the K-DTF requirement	65
Sum of the K-NPR requirement, the K-CMG requirement, the K-TCD requirement and the K-CON requirement	108
Fixed overhead requirement	36,000

Appendix 5: MIFIDPRU 8.6 Remuneration policy and practices

The following disclosures are made by applying instructions provided in section 8 of the FCA's MIFIDPRU Prudential Sourcebook for MiFID firms.

Remuneration Governance

Barclays Bank UK PLC ('BBUKPLC') is the parent company of Barclays Investment Services Limited ('BISL'). The Company had no direct employees during 2022 or 2021 and there are no employees of other entities within the Barclays Group whose services or remuneration are under the control of the BISL, although a number of BBUKPLC employees (including individuals identified as Material Risk Takers ('MRTs') of BBUKPLC) provide services to BISL from time to time.

Remuneration decisions in respect of BBUKPLC employees are overseen by the Barclays PLC and BBUKPLC Board Remuneration Committees. Remuneration is awarded by BBUKPLC based on risk, performance and affordability factors relevant for BBUKPLC. Information on the remuneration of BBUKPLC employees (including BBUKPLC MRTs) is included in Appendix C of the BBUKPLC Pillar 3 disclosure, including an explanation of the Barclays Group's approach to performance management and how managers consider risk, control and conduct issues arising within all areas of the organisation. These mechanisms ensure that any issues found within BISL are factored into the performance ratings and pay outcomes for those individuals who provide services to BISL.

The BBUKPLC Pillar 3 disclosure also provides further information on aspects of its approach to remuneration of employees, including:

- The Barclays Group Remuneration Philosophy.
- The different components of remuneration, together with the categorisation of those remuneration components as fixed or variable.
- The financial and non-financial performance criteria used across the firm to determine remuneration outcomes.
- The framework and criteria used for ex-ante and ex-post risk adjustment of remuneration, including how the firm considers current and future risks when adjusting remuneration and how malus and clawback are applied.
- The policies and criteria applied for the award of guaranteed variable remuneration and severance pay.
- BBUKPLC's deferral and vesting policy.
- The different forms in which fixed and variable remuneration are paid.

The BISL Board Remuneration Committee annually reviews the Barclays Group Reward Policy and practices to determine their suitability for any individual who may provide services to BISL, and is provided with information to satisfy themselves that the structure of remuneration for the BISL Executive Committee members and the Senior Managers of BISL is in line with applicable regulatory requirements.

Remuneration of BISL staff in respect of the financial year

The population deemed to be 'staff' of BISL for the 2022 performance year consists of the members of the BISL Board (both Non-Executive Directors and Executive Directors), members of the BISL Executive Committee and the Senior Managers of BISL, 14 individuals in total.

As set out above, remuneration for these individuals is awarded by BBUKPLC and overseen by the Barclays PLC and BBUKPLC Board Remuneration Committees. In line with exemptions for disclosure allowable under section 8.6.8 of the FCA's MIFIDPRU Prudential Sourcebook for MiFID firms, to prevent identification of individual remuneration outcomes, disclosures for these individuals are only shown on an aggregated basis, as more granular categorisations would result in populations of just one or two individuals.

No guaranteed variable remuneration awards or severance payments were made to these deemed staff members of BISL in 2022. There were no deemed staff members who benefitted from the exemption for individual material risk takers set out in SYSC 19G.5.9R in 2022.

The fees payable by BISL to its Non-Executive Directors are fixed remuneration and the Non-Executive Directors are not eligible to receive any variable remuneration. Decisions in respect of the fees payable to the Non-Executive Directors for their services as members of the BISL Board are made by the Barclays PLC Board Remuneration Committee.

In the tables that follow, 'MB Supervisory function' means those individuals who were Non-Executive Directors of BISL during 2022.

Appendix 5: MIFIDPRU 8.6 Remuneration policy and practices

continued

Remuneration awarded for the financial year (all figures are in £m except for "Number of staff")

		MB Supervisory function	Other staff
1	Number of staff	3	11
2	Total fixed remuneration	0.2	5.3
3	Total variable remuneration	-	3.5
4	Of which: cash-based	-	1.7
5	Of which: deferred	-	0.9
6	Of which: shares or equivalent ownership interests	-	1.7
7	Of which: deferred	-	0.9
8	Of which: share-linked instruments or equivalent non-cash instruments	-	-
9	Of which: deferred	-	-
10	Of which: other instruments	-	-
11	Of which: deferred	-	-
12	Of which: other forms	-	-
13	Of which: deferred	-	-
14	Total Remuneration	0.2	8.8

Deferred remuneration (all figures are in £m)

	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year
1	MB Supervisory function	-	-	-	-	-
2	Other staff	5.1	0.7	4.4	0.0	0.7