Solium Capital UK Limited

MIFIDPRU Disclosure Report

As at 31 December 2024

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1. Overview and Key Metrics

The principal activity of Solium Capital UK Limited ("SCUK") is to provide cloud-enabled services for global equity-based incentive plans; including administration, financial reporting and compliance. SCUK is part of the Morgan Stanley at Work ("MSAW") business segment which is part of the Morgan Stanley ("MS") Group Wealth Management division.

SCUK is an investment firm authorised under the United Kingdom ("UK") Markets in Financial Instruments Directive ("MiFID") to provide a range of services and activities to investors in financial markets. SCUK is prudentially authorised and regulated in the UK by the Financial Conduct Authority ("FCA").

SCUK's disclosure as at 31 December 2024 has been prepared on a standalone basis. The disclosures fulfil SCUK's regulatory obligation to disclose to market participants key pieces of information on its risk management objectives and policies, own funds, own funds requirements and remuneration policies.

On 01 December 2023, Morgan Stanley sold the European public equity plan administration business of SCUK to Computershare Limited ("CPU") and the business is now operating within the framework of the Transitional Services Agreement ("TSA"). The TSA provides a 2-year period for clients to migrate during which SCUK continues to service these clients, passing all related revenues and expenses on to CPU. Any clients who are not transitioning to CPU will be issued with termination notices and no public equity plan clients will remain on SCUK by the end of 2025. SCUK will remain authorised and regulated by the FCA throughout the TSA period. In addition, in November 2024, the decision was made to exit the private equity plan administration business (non-listed issuer companies) and the remaining clients of SCUK were issued termination notices which should allow SCUK to wind down this portion of its operations by the end of 2025.

The information presented below for SCUK is reflective of the facts and circumstances that existed as at 31 December 2024.

Table 1: Key Metrics

SCUK	31 December 2024 (GBP thousands)	31 December 2023 (GBP thousands)
Common Equity Tier 1 Capital ("CET1")	56,476	32,883
Additional Tier 1 Capital("AT1")	-	-
Tier 1 Capital	**56,476**	**32,883**
Tier 2 Capital ("T2")	**-**	**-**
Total own funds	**56,476**	**32,883**
Permanent Minimum Capital Requirement	150	150
Fixed Overheads Requirement	10,339	6,848
Total K-Factor Requirement	1,762	1,710
Assets for which the firm is responsible (K-AUM, K-CMH & K-ASA)	1,679	1,513
Execution activity undertaken by the firm (K-COH & K-DTF)	7	8
Exposure-based risks (K-NPR, K-CMG, K-TCD & K-CON)	76	189
Own funds Requirement	**10,339**	**6,848**

Over the year, own funds have increased primarily due to the recognition of 2023 full year profits, including proceeds of the sale of the public business and a reduction in intangible assets. The own funds requirement increased as the Fixed Overheads Requirement ("FOR") was updated to the latest 2024 projected FOR.

The own funds requirement is equal to the higher of: a) Permanent Minimum Capital Requirement ("PMC"), b) FOR or c) K-Factor Requirement ("KFR").

The PMC is dependent on the activities that the entity is authorised to undertake.

The FOR is intended to calculate the minimum amount of capital that an entity will need available to absorb losses if it must wind-down to exit the market. SCUK may need to consider in more detail the amount needed to wind-down as part of the Internal Capital Adequacy and Risk Assessment ("ICARA") process.

The FOR is equal to one quarter of an entities relevant expenditure in the previous year. The figures used will be those in its most recent audited annual financial statements. If there is a material increase in SCUK's projected relevant expenditure, the FOR must be calculated based upon this and the firm must consider the impact of the change on its ICARA process and conclusions.

The KFR is the amount of own funds required to cover the risk of harm from the ongoing operation of the firm's business falling within the following risk categories:

- Assets for which the firm is responsible captures the value of assets an investment firm manages for its clients ("K-AUM"), amount of client money it holds ("K-CMH") and value of assets it safeguards and administers for clients ("K-ASA").
- Execution activity undertaken by the firm captures the value of orders that an investment firm handles for clients ("K-COH") and the daily value of transactions it enters through dealing on own account or the execution of orders on behalf of clients ("K-DTF").
- Exposure-based risks captures standardised Market Risk provisions ("K-NPR"), margin required by a clearing member or qualifying central counterparty ("K-CMG"), trading activity giving rise to risk of trading counterparty default ("K-TCD") and Concentration Risk to a client or group of connected clients in the trading book ("K-CON").

The KFR provides for risk sensitive capital requirements based on the activities of the firm. The relevant K-Factors for SCUK's activities are K-CMH, K-ASA, K-COH and K-NPR.

Morgan Stanley Group

SCUK's ultimate parent undertaking and controlling entity is Morgan Stanley, a Delaware corporation which, together with its consolidated subsidiaries, form the Morgan Stanley Group. Morgan Stanley is a "Financial Holding Company" as defined by the Bank Holding Company Act of 1956, as amended, and is subject to regulation and oversight of the Board of Governors of the Federal Reserve System in the United States of America ("USA").

SCUK is a wholly owned subsidiary of the Morgan Stanley Group. The information disclosed in this document is not necessarily indicative of the Morgan Stanley Group as a whole, nor is it comprehensively representative of the Morgan Stanley Group's activity in any particular region. Investors, stakeholders, creditors or other users seeking information on capital adequacy, liquidity, risk exposure and risk management policies should consult the public disclosures of Morgan Stanley Group.

Details of the latest Morgan Stanley Group Pillar 3 disclosure can be accessed at https://www.morganstanley.com/about-us-ir/pillar-us.

Morgan Stanley is listed on the New York Stock Exchange and is required, by the US Securities and Exchange Commission, to file public disclosures, including Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. These can be accessed at https://www.morganstanley.com/about-us-ir/sec-filings.

2. Regulatory Frameworks

Investment Firms carrying out activities captured under MiFID are subject to the FCA's Prudential Sourcebook for MiFID Investment Firms ("MIFIDPRU"). MIFIDPRU aims to provide a proportionate and streamlined regulatory framework for non-systemic investment firms prudentially regulated in the UK.

Under the MIFIDPRU Framework, investment firms are split into three categories:

1. Designated Investment firms - firms designated by the Prudential Regulation Authority (“PRA”) under Article 3 of the PRA-regulated Activities Order, which remain subject to a Basel based capital regime.
2. Non Small and Non-Interconnected (“Non-SNI”) firms - firms that are not designated investment firms and do not meet definition of a Small and Non-Interconnected (“SNI”) investment firm, are subject to full MIFIDPRU requirements.
3. SNI firms - firms which meet all the required SNI thresholds and conditions set out by the FCA, are subject to reduced MIFIDPRU requirements.

SCUK is a Non-SNI investment firm and is subject to full MIFIDPRU requirements.

The MIFIDPRU framework applies: 1) minimum capital and liquidity requirements, 2) additional own funds requirements calculated based on additional risks as identified by the firm or relevant competent authority, and 3) for Non-SNI firms, a public disclosures requirement.

SCUK has policies and procedures in place to assess the appropriateness of its disclosures. The disclosures are not required to be, and have not been, audited. The disclosures have been prepared as at 31 December 2024 on the basis of MIFIDPRU and related legislation requirements.

SCUK does not hold, directly or indirectly, any voting rights in any company other than its subsidiaries and as such no MIFIDPRU investment policy disclosures are relevant.

3. Capital Management

SCUK views capital as an important source of financial strength. It manages and monitors its capital position in line with established policies and procedures, in compliance with local regulatory requirements, and considering a range of other factors, including business opportunities, risks, capital availability and rates of return. Therefore, in the future it may adjust its capital base in reaction to the changing needs of its businesses (e.g. SCUK may pay dividends, return capital to its shareholders or issue new shares).

The appropriate level of capital is determined at a legal entity level to safeguard that entity's ability to continue as a going concern and ensure that it meets all regulatory capital requirements. The key components of the capital management framework used by SCUK are aligned to other regulated UK group entities within the Morgan Stanley Group and include a point in time risk capital assessment, forward looking capital projections and stress testing. These components, along with SCUK’s core internal risk management processes, collectively form SCUK’s ICARA process. SCUK must review the adequacy of its ICARA process at least annually to meet its obligations under the FCA Handbook.

The ICARA is a key tool to ensure that SCUK has appropriate systems and controls in place to identify, monitor, and, if proportionate, reduce all material potential harms:

a) That the ongoing operation of the business may cause to: clients and counterparties, the markets in which the firm operates, and the firm itself; and

b) That may result from winding down the business, to ensure that SCUK can be wound down in an orderly manner.

The ICARA therefore enables SCUK to remain financially viable throughout the economic cycle (with the ability to address any potential material harms that may result from its ongoing activities), whilst also ensuring SCUK has adequate resources to support an orderly wind down of its business activities (if so required), by minimising impact on consumers and the wider market.

If required, the FCA may provide individual guidance to SCUK about the amount of own funds that the FCA considers necessary to comply with the overall financial adequacy rule. Alternatively, the FCA may apply a requirement to the firm that specifies an amount of own funds that the firm must hold for that purpose.

4. Risk Management

SCUK is firmly embedded into both MSAW's and Morgan Stanley Group's mature risk management framework, leveraging centrally organised resources, as required. Resources include Morgan Stanley Group policies, procedures and standards as they relate to Credit, Market, Liquidity and Operational Risk disciplines. Licensed and regulated by the FCA, SCUK also maintains its own set of documentation governing regulated activities.

SCUK's Risk Management Framework is summarised below:

Risk appetite – The documenting of SCUK's overall attitude to risk and the ranges of acceptable risk-taking.

Risk policies – Strategies for managing the risks in the environment in which SCUK operates, to ensure residual risk exposures are those within appetite.

Risk identification and assessment – Tools that help managers identify and evaluate the risks to which SCUK may be exposed so that they can be managed in line with risk policies.

Risk management reporting – How SCUK reports and reviews ongoing and emerging risks and assesses actual risk levels relative to the risk thresholds set in risk appetite.

Risk Committee – Morgan Stanley Group committee which oversees the management of risks and challenges how the risk framework is operating.

Culture and reward – Performance measures that focus on the delivery of effective risk management, business and customer strategy, and culture.

Risk Management Structure and Operations

SCUK is subject to the FCA's prescribed Senior Manager and Certified Regime framework governing senior management accountability for their conduct and competence. SCUK's Senior Managers include are comprised of its Chief Executive (SMF1), Compliance Officer (SMF16), Money Laundering Reporting Officer (SMF17), and Executive Directors on the SCUK Board (each an SMF3).

SCUK operates within defined risk parameters, articulated in SCUK's risk appetite statement, the level of risk it is willing to assume in achieving its strategic goals in line with the interests and expectations of its parent company, Morgan Stanley, and its other stakeholders.

Risk Appetite

SCUK's risk appetite sets the ranges of acceptable risk taking, expressing overall attitude to risk through risk tolerances and limits covering specific exposures to Credit, Market and Operational Risk. SCUK's risk appetite framework is built upon the interdependence between risk appetite, business strategy, and capital and liquidity resources.

SCUK's risk appetite statement is periodically set by SCUK's Board in conjunction with SCUK's strategy and in consideration of SCUK's capital and liquidity resources. It is reviewed and approved by SCUK's Board at least annually. Any review of the risk appetite statement considers new risks identified through the comprehensive risk identification process, changes in SCUK's business strategy and or capital/liquidity resources, as well as any changes in risk appetite given changes in market conditions.

Risk Identification and Assessment

Risk identification and assessment are performed on an ongoing basis as part of day-to-day activities of the business, as well as oversight and challenge from SCUK's risk function and independent second line of defence Risk and Compliance functions. Such identification processes include proactive engagement with business management and subject-matter experts across SCUK and the wider Morgan Stanley Group. Moreover, recent or expected changes in business activities, industry practices and regulations are considered and challenged internally for relevance and mitigation.

SCUK is integrated into, and has implemented, the Morgan Stanley Group Risk Management Framework. Implementation includes risk identification, assessment and management, and execution of its "business-as-usual" control framework. Effectiveness of these processes is continuously monitored, and adjustments proactively made if necessary to do so.

As determined through the Risk Identification Framework, the following risk types are relevant to SCUK's business activities:

Financial Risks

- Market Risk
- Credit Risk
- Liquidity Risk
- Concentration Risk

Non-Financial Risks

- Operational Risk
- Compliance Risk (including Conduct Risk)

Other Material Risks

- Strategic Risk (including Earnings at Risk)
- Reputational Risk

These risks are outlined in the following sections.

4.1 Financial Risk

Market Risk

Market Risk refers to the risk that a change in the level of one or more market prices, rates, indices, implied volatilities, correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio.

SCUK's exposure to Market Risk is specific only to Foreign Exchange ("FX") on transactions, there is no trading risk.

Sound Market Risk management is an integral part of SCUK's culture. SCUK is responsible for ensuring that Market Risk exposures are well-managed and monitored.

The Market Risk management policies and procedures for SCUK are consistent with those of the Morgan Stanley Group and include escalation to the appropriate senior management personnel.

Credit Risk

Credit Risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to SCUK.

Credit Risk that SCUK is exposed to relates to the balance of deposits at financial institutions or outstanding payments or loans due to SCUK.

SCUK has no exposure to traded products and no direct exposure to Credit Risk through its offering of products.

Credit Risk management policies and procedures for SCUK are consistent with those of the Morgan Stanley Group and include escalation to appropriate senior management.

The Credit Risk management policies and procedures establish the framework for identification, measurement, monitoring, reporting, challenge and escalation of Credit Risk whilst ensuring transparency of material Credit Risks and compliance with established limits, requisite approvals for extension of credit and escalation of risk concentration to appropriate senior management.

Liquidity Risk

Liquidity Risk is the risk that SCUK's financial condition or overall soundness is adversely affected by an inability or perceived inability to meet its financial obligations in a timely manner. Liquidity Risk encompasses the associated funding risks triggered by stress events that may cause unexpected changes in funding needs or an inability to raise new funding.

SCUK has an inherently low Liquidity Risk profile given its business model.

SCUK's Board of Directors sets the Liquidity Risk appetite to ensure adequate liquid resources are held to meet potential outflows under normal and stressed conditions and to meet its operating expenses while simultaneously ensuring durability of funding. SCUK manages its Liquidity Risk appetite through the overall Required Liquidity Framework ("RLF"). The RLF establishes the amount of liquidity SCUK must hold in both normal and stressed environments to ensure that SCUK's financial condition and overall soundness are not adversely affected by an inability (or perceived inability) to meet financial obligations in a timely manner. The RLF ensures SCUK holds sufficient liquidity to meet both the MIFIDPRU and Investment Firm Liquidity Stress Test ("IFLST") requirements. SCUK maintains its liquidity reserves in the form of short-term cash deposits within its Credit and Liquidity Risk framework to remove any risk from liquidating assets.

The RLF includes the application of specific Liquidity Risk related policies and procedures in addition to a governance structure designed to oversee the overall level of Liquidity Risk taken.

As at 31 December 2024, SCUK is compliant with the FCA's MIFIDPRU regime and has sufficient liquidity resources to meet its regulatory and internal liquidity requirements.

Concentration Risk

Concentration Risk is the risk of loss due to an outsized exposure to counterparty, group of connected counterparties and/or counterparties in the same industry or geographic region.

Credit Risk exposures that would give rise to Concentration Risk are not material. As SCUK has no direct exposure to Credit Risk through its offering of products, there is no further Concentration Risk arising from its usual course of business.

4.2 Non Financial Risk

Operational Risk

Operational Risk refers to the risk of loss, or of damage to SCUK's reputation, resulting from inadequate or failed processes, people and systems, or from external events (e.g., fraud, theft, legal, regulatory and Compliance Risks, cyber-attacks or damage to physical assets). Operational Risk relates to the following risk event categories as defined by Basel Capital Standards: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practices; business disruption and system failure; damage to physical assets; and execution, delivery and process management. Operational Risk is SCUK's most material risk.

SCUK acknowledges that Operational Risk is inherent to its business and cannot, therefore, be entirely eliminated. As such, SCUK has articulated an Operational Risk Appetite and, within this, an aggregate quantitative Operational Risk Tolerance.

SCUK manages its Operational Risk within the overall Risk Management Framework. The framework includes the application of specific Operational Risk related policies and procedures, the Operational Risk control framework, delivered primarily by Morgan Stanley Group Three Lines of Defence model, and a governance structure designed to oversee the overall level of Operational Risk taken by SCUK.

Compliance Risk (including Conduct Risk)

Compliance Risk (including Conduct Risk) is defined as the risk of legal or regulatory sanctions, material financial loss or damage to reputation resulting from the failure to comply with laws, rules, regulations, related self-regulatory organisation standards and codes of conduct applicable to SCUK's activities. Compliance Risk includes Conduct Risk which is defined as the risk arising from misconduct by individual employees or contingent workers (collectively, "Personnel") or groups of Personnel, or the risk arising from conduct by SCUK where the outcome has an adverse impact on clients, markets or SCUK's reputation. Conduct risk includes both intentional and unintentional behaviours.

SCUK seeks to comply with applicable laws, rules and regulations and has no appetite for transactions, business activities or conduct by employees, contingents, customers, or counterparties that give rise to a significant breach of SCUK's compliance obligations.

Financial Crimes Risk refers to the risk of regulatory sanctions and reputation damage posed to SCUK in the event of failure to comply with applicable anti-money laundering, economic sanctions, anti-tax evasion, or anti-bribery and corruption laws and regulations.

SCUK seeks to comply with applicable laws, rules and regulations related to financial crimes requirements and has established a Governance and Escalation Framework, which includes quantitative and qualitative inputs, that inform on SCUK's exposure to Financial Crimes Risks.

4.3 Other Material Risks

Strategic Risk (including Earnings at Risk)

Strategic Risk (including Earnings at Risk) is defined as the risk arising from changes to SCUK's business, including:

- The acute risk to earnings posed by falling or volatile income;
- The broader risk of SCUK's business model or strategy proving inappropriate due to macroeconomic, geopolitical, industry, regulatory or other factors; and
- The risk that SCUK may not be able to carry out its business plan and desired strategy.

In addition, Strategic Risk also encompasses any risk to SCUK arising from its remuneration policy. Material potential harms include key persons leaving the firm; fee pressures and client behaviour resulting from a negative perception of business performance.

SCUK’s strategy and business plan enables SCUK to deliver against its capital, risk and control agenda. The strategy includes a range of initiatives and performance indicators, including specific qualitative and quantitative business targets and goals for the control and support functions. Base and stress forecasts take into account SCUK’s business model and capital has been assessed to be adequate to cover future losses.

Reputational Risk

Reputational Risk (also referred to as Franchise Risk), describes the potential risks associated with the way in which SCUK conducts its business and the perception of SCUK by external parties including clients, regulators and the public. Reputational Risks may be triggered by either the nature of the transaction (e.g., unusual complexity or novel issues) or business practice (e.g., a transaction without appropriate economic substance or business purpose) or by the identity or reputation of the client or counterparty (e.g., a client linked to alleged corruption or other improper activities).

SCUK does not have any appetite for transactions, business practices, clients or counterparties that pose a significant franchise risk and jeopardise the firm’s reputation.

The Global Franchise Risk Policy sets out examples of “red flags” that may be indicative of potential Reputational Risk. The primary mitigant to Reputational Risk is a robust Reputational Risk Management Framework, encompassing monitoring, escalation and review.

Risk Management Objectives and Policies: Harm to Business Strategy

Own funds requirements from K-CMH, K-ASA, and K-COH relate to core processes within SCUK and represent some of its intrinsically material risks.

SCUK markets some products that are in scope of the UK Client Assets Operational Framework of Compliance, and it is obligated to segregate related client money and shares. Non-compliance with these requirements may result in regulatory enforcement or contentious action, including possible sanctions against the business. Regulatory sanctions could involve service limitations or revocation of SCUK’s licence to conduct business. Regulatory intervention may also lead to reputational damage through negative news and the resulting loss of some existing client base, and possibly lead to a failure to build new business relationships with prospective clients.

Central to provisioning equity-based incentive share plans is the fundamental need to service client trade executions. Failure to support this would represent an existential threat to the going concern of SCUK.

Concentration Risk is not a material risk for SCUK due to the nature of its business and the way in which it operates. Nevertheless, SCUK’s third-party Credit Risk exposure is cash deposits at its singular financial institution providing banking services. There is a potential for the banking provider to experience a service failure that may lead to SCUK being unable to meet its regulatory and or legal obligations to access and disburse cash, although within the Client Assets Sourcebook (“CASS”) regulatory framework client money is segregated and protected. If SCUK was unable to access its financial resources, it may lead to cash-flow problems and prohibit the firm from financing ongoing operations to support client services.

SCUK’s exposure to Liquidity Risk is inherently low given its business model. The potential harm to SCUK’s business strategy rests in the potential to be unable to finance its operations due to loss of access to the capital markets.

Risk Management Objectives and Policies: Strategies and Process to manage Risks

The potential risk of non-compliance with Client Assets regulation is mitigated by SCUK through a mature control framework. SCUK has fully implemented the FCA's requirements, including but not limited to daily reconciliations and signoffs, segregation of client money and shares, inventorying and resolving CASS breaches, and completing regulatory returns, etc. Daily activities are governed by mature policies and supporting procedures, in addition to the SCUK CASS Committee ("CASSCO") chaired by the SCUK Senior Manager responsible for CASS. The SCUK CASSCO reports up to the SCUK Board and feeds into the Morgan Stanley Group Europe, Middle East, and Africa ("EMEA") CASSCO.

Risks associated with client order handling are mitigated through a multi-layered system of controls. Most transactions are straight-through-processed directly in the Shareworks© application to brokers, following data input instructions from SCUK's clients' employees. There are a small number of trades executed outside of the Shareworks© application, processed by SCUK and transacted by brokers on behalf of its clients. In both scenarios SCUK implements its Solium UK Order Handling policy with independent monitoring by Morgan Stanley Group's centrally resourced Compliance function. Furthermore, daily trade, settlement and cash disbursement checks are completed and signed-off in line with segregation of duties best practice. Off-System transactions go through pre-trade validation processes prior to execution by brokers. All processes are governed by prescribed SCUK and Morgan Stanley Group policies and procedures.

FX risk exposure on the balance sheet - there is no trading risk - is hedged on a monthly basis by Morgan Stanley Group Treasury.

SCUK is consistent with Morgan Stanley Group's established and regulatory compliant outsourcing governance, policies and procedures and draws on the expertise of Morgan Stanley Group's Third-Party Governance Committee to oversee third-party risk. A core objective of the outsourcing framework is to ensure that outsourcing does not negatively impact SCUK's risk levels, as defined by the SCUK Board, and that the business remains fully responsible for the compliance of the outsourced processes with applicable regulation.

The Morgan Stanley Group third-party governance framework mandates ongoing monitoring for all services, including annual and ad-hoc re-assessment of service risk that scopes in financial and resilience risks. In addition, service performance is monitored on a quarterly basis in way of meetings with the service provider supported by key risk and performance metrics.

SCUK also draws upon Morgan Stanley Group shared services to independently perform annual due diligence of Morgan Stanley Group's sub-custody provider network, which includes SCUK's banker.

This Morgan Stanley Group-wide holistic oversight framework supports the management of Concentration Risk specific to SCUK, enabling senior management to proactively manage the safeguarding of assets and continuity of service.

Adequacy of the Risk Management Arrangements for the Mitigation of Material Potential Harms

The SCUK Board has approved, for the purpose of MIFIDPRU 8.2.2, the below concise risk statement and declaration on the adequacy of the risk management arrangements.

Given the strategy and risk profile of the entity, the SCUK Board is satisfied that the risk management framework is appropriate for the identification and mitigation of the potential for harm associated with its business strategy. The effectiveness of the framework is reviewed at least annually and, where appropriate, elements are updated to reflect best practice, evolving market conditions, lessons learned following market-wide or idiosyncratic risk events, and in response to changing regulatory expectations and requirements, and significant internal audit issues.

5. Governance and Board of Directors

Governance Arrangements

SCUK's Board is responsible for creating and delivering shareholder value and governance. Gustavo Dalanhese is the Chief Executive Officer of SCUK (the "CEO") and an executive director on the SCUK Board. As CEO, he is responsible for the executive management of the business and operations of SCUK.

The Board's authority and responsibilities extend to a wide range of matters including strategy, performance, risks and controls, operational, conflicts, legal and regulatory, human resources and culture-related matters.

Appointment Of Directors-Board Composition

When identifying and recommending candidates to join the Board, the Board will consider a range of qualities and characteristics, giving due regard to ensuring a broad range of backgrounds, skills and experience is present on the Board. It will also take into account regulatory requirements and relevant policies of the MS Group. New directors have tailored induction programmes.

Non-Executive Directors

Charles E.C. Hood

Charles was appointed a non-executive director in May 2022. He is Head of Morgan Stanley's International Advisory Group for Operational Taxes.

He previously served as CEO of Source, an asset manager specialising in exchange traded investment products and as co-head of the product development group for Morgan Stanley's European institutional securities business in Europe.

Prior to that he was a lawyer at Cleary Gottlieb, where he specialised in tax and capital markets transactions.

He received a Juris Doctor from Cornell Law School, from which he graduated magna cum laude in 1995.

Executive Directors

Alan Begley

Alan is Head of Operations, EMEA for MSAW. Alan was appointed as an executive director of the Board in December 2023.

Alan has over 40 year's professional experience in the financial services industry, principally in operations and client assets-related roles. He has worked with various firms in senior executive positions.

Gustavo Dalanhese

Gustavo was appointed as an executive director and CEO in December 2023. Gustavo has worked at Morgan Stanley and E* Trade in a number of roles for 13 years. Prior to his appointment as CEO he worked for Morgan Stanley in EMEA on strategic initiatives relating to acquisitions and divestitures.

Gustavo holds a Bachelor of Arts degree in International Studies and Chinese and a Masters of Business Administration, both from the University of Utah.

June H. Davenport

June was appointed an executive director in May 2013. June is Head of EMEA Trust & Nominee Services and has over 40 years of industry experience.

During her tenure at MSAW, June has been responsible for building the operational infrastructure in North America, EMEA and Australia, together with business development and relationship management. Prior to joining MSAW, June worked for the Royal Bank of Canada for 14 years in various management roles including business development and relationship management in the share plan administration marketplace.

June holds a Bachelor of Arts degree in business management, specialising in hospitality from the University of Strathclyde in Scotland.

Directorships Held by the Board

Director	Number of Directorships as at 31 December 2024	Directorships adjusted For SYSC4.3A.7(2)
Alan Begley	2	1
Gustavo Dalanhese	6	2
June H. Davenport	7	1
Charles E.C. Hood	3	2

Diversity and the Composition of the SCUK Board

The Board recognises the importance and benefits of diversity both within business operations and at a board level. All appointments to the SCUK Board are made on merit, in the context of the skills and experience that the SCUK Board as a whole requires to be effective, with due regard given to the benefits of diversity.

As at 31 December 2024, the SCUK Board had 25% female representation.

Risk Committee

SCUK does not meet the threshold under MIFIDPRU 7.1.4. R(1) for the requirement for a Risk Committee and therefore does not have one.

6. Capital Resources

The capital resources of SCUK are set out in Table 2 below. The main terms and conditions of the capital instruments are disclosed in Table 4.

Table 2: Composition of regulatory own funds

SCUK		Amount (GBP thousands)	Cross-reference to Table 3
1	**OWN FUNDS**	56,476	
2	**TIER 1 CAPITAL**	56,476	
3	**COMMON EQUITY TIER 1 CAPITAL**	56,476	
4	Fully paid up capital instruments	55,736	A
5	Share premium	-	
6	Retained earnings	1,381	B
7	Accumulated other comprehensive income	(9)	C
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(632)	D
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	-	

Own funds of SCUK are based on audited financial statements. Table 3 below provides a reconciliation of regulatory own funds to balance sheet information as at 31 December 2024.

Table 3: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	c
SCUK[1]		**Balance sheet as in published / audited financial statements (GBP thousands)**	**Cross-reference to Table 2**
		31 Dec 2024	
Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements			
1	Cash and short term deposits	44,614	
2	Loans and advances	20,166	
3	Trade and other receivables	5,945	
4	Investments in subsidiaries	632	D
	Total assets	**71,357**	
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Trade and other payables	12,700	
2	Debt and other borrowings	171	
3	Provisions	832	
4	Current tax liabilities	546	
	Total Liabilities	**14,249**	
Shareholders' Equity			
1	Share capital	55,736	A
2	Currency translation reserve	(9)	
	of which: Previous years currency translation reserve	(9)	C
	of which: Currency translation reserve not recognised in own funds	0	
3	Retained earnings	1,381	B
	of which: Previous years retained earnings	2,759	
	of which: Profit or loss recognised in own funds	(1,378)	
	Total Shareholders' Equity	**57,108**	

1. "Under regulatory scope of consolidation" column has been omitted as the investment firm's accounting and regulatory consolidation is the same.

7. Capital Instruments Template

Below table provides a description of the main features of the capital instruments issued by SCUK as at 31 December 2024.

Table 4: Own funds: main features of own instruments issued by the firm

SCUK	
Description	**Common Equity Tier 1**
Instrument Type	Ordinary Shares
Accounting classification	Shareholder's Equity
Amount recognised in Regulatory Capital	£55,735,598
Nominal amount of instrument	£1 per ordinary share
Original date of issuance	12/05/2011
Perpetual/Dated	Perpetual
Write-down features	N/A
Fixed or Floating Dividend/Coupon	Floating
Convertible or non-convertible	Non-Convertible

8. Remuneration

This chapter of the Regulatory Disclosure represents the annual remuneration disclosure for SCUK as required under MIFIDPRU.

It sets out the principles relating to MIFIDPRU remuneration rules within SCUK. Some of the policies, practices and procedures outlined in this chapter apply globally to the Morgan Stanley Group. The chapter has been prepared in line with the MIFIDPRU section of the FCA handbook of rules and guidance ("the FCA Handbook"), the MIFIDPRU, the Remuneration Code set out in the FCA's Senior Management Arrangements, Systems and Controls ("SYSC") at SYSC 19G and any associated regulations and guidance (together the "MIFDPRU Remuneration Rules").

SCUK is a non-interconnected investment firm, and accordingly is considered as a Non-SNI for the application of the MIFIDPRU Remuneration Rules.

For the purpose of this disclosure, the terms "compensation" and "remuneration" should be read interchangeably.

8.1.SCUK Remuneration Objectives and Strategy

SCUK is committed to a responsible and appropriate remuneration structure that is designed to align the performance and conduct of employees to its business and risk strategy. SCUK's remuneration structures are also designed to be motivating, competitive, reflect current best practices in corporate governance and risk management, and comply with applicable regulations.

SCUK is committed to fostering and maintaining a culture based on the Morgan Stanley Group's core values: Do the Right Thing, Put Clients First, Lead with Exceptional Ideas, Commit to Diversity and Inclusion and Give Back. Alignment with these values is considered a key part of the performance management process, which in turn is a key component of SCUK and the Morgan Stanley Group's remuneration structures.

The global Compensation, Management Development and Succession Committee ("CMDS Committee") of the Morgan Stanley Board of Directors ("the Board") continually evaluates the Morgan Stanley Group's remuneration programs, including for all SCUK's employees, with a view towards balancing the following key principles, all of which support the Morgan Stanley Group's culture and values, and shareholders' interests:

- **Deliver Pay for Sustainable Performance**
  - Variable annual remuneration tied to future performance against strategic objectives;
  - Consideration of returns for shareholders and appropriate rewards to motivate employees.
- **Align Remuneration with Shareholders' Interests**
  - Significant portion of variable remuneration is deferred, subject to cancellation and clawback, and tied to the Morgan Stanley Group's stock with retention requirements;
  - Ongoing shareholder engagement to understand shareholder views.
- **Mitigate Excessive Risk-Taking**
  - Remuneration arrangements do not incentivise unnecessary or excessive risk-taking that could have a material adverse effect on the Morgan Stanley Group;
  - Robust governance around review and approval of remuneration programs, including from a risk perspective.
- **Attract and Retain Top Talent**
  - Competitive pay levels to attract and retain the most qualified employees in a highly competitive talent environment;
  - Variable remuneration awards include vesting and cancellation provisions that retain employees and protect the Morgan Stanley Group's interests.

8.2. Remuneration Governance

As a subsidiary, SCUK has an overlay of regional and global remuneration governance from the Morgan Stanley Group. Summaries of the composition and mandates of the relevant committees are provided below.

The EMEA Remuneration Oversight Committee

The EMEA Remuneration Oversight Committee ("EROC") provides formal oversight of EMEA remuneration matters to ensure remuneration practices in EMEA are compliant with UK remuneration rules and good standards of practice. The EROC is comprised of the EMEA Chief Executive Officer (Chair), the EMEA Head of Human Capital Management ("HCM")(Deputy Chair), the EMEA Chief Financial Officer ("CFO"), the EMEA General Counsel ("GC"), the EMEA Head of Compliance, the EMEA Chief Risk Officer ("CRO"), the EMEA Chief Operating Officer ("COO") and the EMEA Head of Regulatory Relations. The EROC met six times and considered matters for approval by written circulation once during 2024.

The SCUK Board

The SCUK Board reviews and approves recommendations on the design and implementation of the remuneration policies and practices applicable to SCUK employees. The SCUK Board approves the SCUK Remuneration Policy, which ensures compliance across the regulatory requirements applicable to SCUK. The SCUK Remuneration Policy is applicable to all business lines as well as all employees seconded to SCUK.

The SCUK Board reviews the applicable remuneration policies at least annually and also oversees compliance by SCUK with the MIFIDPRU remuneration rules. As a part of its remit, the SCUK Board reviews and approves:

- The adequacy of SCUK remuneration policies and practices against the applicable local regulations;
- The Material Risk Taker ("MRT") identification framework for SCUK; and
- The SCUK Annex to EMEA MRT Cancellation and Clawback policy.

As at December 31, 2024, the SCUK Board was comprised of three executive members: Gustavo Dalanhese, June Davenport and Alan Begley; plus one Non-Executive Director ("NED"): Charles (Ted) Hood.

The CMDS Committee

The CMDS Committee regularly reviews (i) the Morgan Stanley Group's performance with respect to execution of strategic objectives and evaluates executive performance in light of such performance; (ii) executive remuneration strategy, including the competitive environment and the design and structure of the Morgan Stanley Group's remuneration programs to ensure that they are consistent with and support the Morgan Stanley Group's remuneration objectives; and (iii) market trends and legislative and regulatory developments affecting remuneration in the USA and globally.

On December 31, 2024, the CMDS Committee was comprised of four directors, including the independent Lead Director of the Board, all of whom are independent under the New York Stock Exchange listing standards and the independence requirements of the Morgan Stanley Group. The members were Dennis M. Nally (Chair), Thomas H. Glocer, Erika H. James, and Rayford Wilkins Jr. Stephen J. Luczo ceased to be a member of the CMDS Committee in December 2024. In 2024, the CMDS Committee held seven meetings. The CMDS Committee operates under a written charter adopted by the Board, which is available on Morgan Stanley's website at https://www.morganstanley.com/about-us-governance/comchart.

Role of Relevant External Consultants and Other Stakeholders

The SCUK Board and the CMDS Committee have the power to appoint independent remuneration consultants, legal counsel, financial or other advisors as they may deem necessary to assist them in the performance of their duties and responsibilities.

Together with the Global CRO, the CMDS Committee oversees the Morgan Stanley Group's variable remuneration practices and arrangements to help ensure that such practices and arrangements: (i) are designed in accordance with the Morgan Stanley Group's responsibility to appropriately balance risk and financial results in a manner that does not encourage employees to expose the Morgan Stanley Group to imprudent financial or non-financial risk, (ii) are consistent with the safety and soundness of the Firm, and (iii) are consistent with applicable related regulatory rules and guidance. The Global CRO attends CMDS Committee meetings at least annually, and on an as needed basis, to discuss the risk attributes of the Morgan Stanley Group's variable remuneration practices and arrangements. The

Morgan Stanley Group concluded that the Firm's current remuneration programs for 2023 do not incentivise employees to take unnecessary or excessive risk and that such programs do not create risks that are reasonably likely to have a material adverse effect on the Morgan Stanley Group. The Global CRO reviewed the Morgan Stanley Group's remuneration practices and arrangements from a risk perspective, and reviewed the risk assessment process and his findings and conclusions with the CMDS Committee. The CMDS Committee concurred with the risk assessment process and results.

The day-to-day compliance with SCUK's obligations under the MIFIDPRU Remuneration Rules is delegated to Morgan Stanley's control functions including, in relation to remuneration, the EMEA HCM function. EMEA HCM regularly reviews SCUK's regulatory obligations with respect to remuneration in each of the EMEA jurisdictions in which SCUK operates and ensures that appropriate variations in policy relating to remuneration structures approved by the CMDS Committee are fully compliant with applicable local laws and regulations in the jurisdictions covered by EMEA HCM.

8.3. Identification of Material Risk Takers

SCUK has established a formal identification framework, in line with the MIFIDPRU Remuneration Rules, to identify employees whose professional activities have a material impact on SCUK's risk profile, referred to as "MRT"s. The SCUK MRT identification framework complies with the criteria set out in FCA SYSC 19G.5.3-5.5, and takes into consideration any additional internal criteria that may be required. The identification framework is reviewed on an annual basis in line with the MIFIDPRU Remuneration Rules and the outcome of the review is subject to approval by the SCUK Board.

As of December 31, 2023, SCUK's on and off-balance sheet assets do not exceed the proportionality threshold as defined in SYSC 19G.1.1 (2), and as such SCUK MRTs are not subject to all the remuneration rules as per SYSC 19G.1.1 (4).

8.4. Link Between Pay and Performance

In conjunction with the Morgan Stanley Group's Global Compensation Policy and Global Incentive Compensation Discretion Policy, the SCUK Remuneration Policy sets forth certain standards regarding the remuneration parameters applied within SCUK.

Incentivising Right Behaviours

The following key features of SCUK's remuneration arrangements ensure that excessive risk-taking is not promoted, whilst ensuring there is a link between an employee's remuneration and the long-term interests of the Morgan Stanley Group:

- A balance of fixed and variable remuneration;
- A balance between short-term and long-term incentives;
- Mandatory deferrals into equity-based and/or fund-based incentive programmes;
- Risk-mitigating features of awards such as cancellation/malus and clawback provisions; and
- Governance procedures followed in making remuneration decisions.

Delivering all or a portion of deferred variable remuneration in the form of equity or fund-based instruments links variable remuneration to the Morgan Stanley Group or individual fund performance. Risk outcomes that result in a negative impact to the Morgan Stanley Group or the relevant funds reduce the value of the deferred award, and employees are subject to this decline in value through the deferral period.

The Morgan Stanley Group constantly reviews its policies and practices, and is working towards further enhancing the linkage between positive risk behaviours and remuneration outcomes.

Bonus Pool Determination

The Morgan Stanley Group has a 'pay for performance' philosophy, which is reflected throughout the four key objectives of its remuneration programs (see section 8.1) and applies across all lines of business.

The final year-end bonus pool determination is subject to a multi-dimensional process that considers Morgan Stanley Group, business unit and individual performance, taking into account financial as well as non-financial performance metrics. This process includes a review of the adherence to conduct and inclusion controls, market and competitive factors, regulatory outcomes, and business or location specific factors.

8.5. Individual Performance Measurement

The Performance Management Program is designed to provide employees with a clear set of expectations and goals, an opportunity to perform at the best of their abilities, and an annual assessment of individual performance.

All employees have an Employee Performance Dashboard, which is an aggregation of various performance inputs, including non-financial and conduct related information, as applicable, in three areas:

- Employee self evaluation - includes an employee's goals and self-evaluation on annual performance in defined categories;
- 360 feedback - includes feedback collected from direct manager, colleagues and direct reports (if applicable), as well as in certain cases Control Function employees;
- Risk & conduct indicators - highlights any risk or conduct related incidents for individual employees.

For 2024, Morgan Stanley Group introduced a more transparent assessment process to provide a clear link between performance expectations and assessment. Additionally, the Morgan Stanley Group has designated certain global employees as Covered Employees ("CE") in accordance with a global framework given their potential to expose the Firm to significant risk as an individual or a group based on their role and/or responsibilities. Depending on the level of material risk CE employees are subject to additional performance management and remuneration processes, including

- Requirement to select evaluators from Risk and Control related divisions;
- Organisational risk dashboard to measure their performance in a supervisory capacity and;
- Compensation manager differentiation rationale and pay narrative to rationalise their remuneration decisions.

8.6. Individual Remuneration Determination Process

SCUK applies the Morgan Stanley Group's Global Incentive Compensation Discretion Policy, which lays out standards for managers on the use of discretion when making annual remuneration decisions and considerations for assessing risk management and outcomes. The policy specifically provides that all managers must consider whether their team members managed risk appropriately and effectively managed and supervised the risk control practices of the employees reporting into them during the performance year. Managers are trained on these requirements annually and are required to certify compliance with the applicable requirements.

In determining the amount of discretionary variable remuneration to award an eligible employee, a compensation manager must consider only those factors that are legitimate, business-related and consistent with the Morgan Stanley Group’s legal and regulatory obligations and policies and practices. With this discretion, comes the responsibility to make pay decisions consistent with the Morgan Stanley Group’s equal pay philosophy, which means that compensation managers are accountable for making deliberate, thoughtful, and defensible remuneration decisions considering only legitimate, business-related factors. These factors include but are not limited to:

- The employee’s absolute and relative performance in an individual and, if relevant, supervisory capacity;
- The employee’s conduct and adherence to the Morgan Stanley Group’s core values, including “Commit to Diversity and Inclusion”, ensuring a focus on diversity and inclusion when making remuneration decisions;
- Performance feedback elicited through the Morgan Stanley Group’s performance evaluation processes, including information provided by Control Function personnel;
- Any disciplinary outcomes administered to the employee during the performance year;
- Any circumstances during the performance year that may result in the cancellation and/or clawback of the employee’s previously awarded variable remuneration; and
- Market and competitive conditions.

The allocation of variable remuneration to employees is a discretionary process and informed by the performance evaluation process outlined above. The Morgan Stanley Group’s ‘pay for performance’ philosophy means that where a variable remuneration award is not appropriate, none is paid; every year a portion of the eligible employee population receives no variable remuneration.

Control Functions

In order to ensure the independence of Control Function employees, individual remuneration decisions for employees working in those functions are determined by Control Function management and are not influenced by employees working in revenue-producing roles. In addition, benchmarking data is utilised to consider whether pay levels for key Control Function employees are commensurate with the market, and that SCUK can attract and retain experienced personnel.

Pay Equity

The Morgan Stanley Group's remuneration program, and its related policies and practices, reflect and promote the objective that all employees, including women and ethnically diverse employees, are rewarded equitably. A system of checks and balances is in place within the Morgan Stanley Group's processes that support fair and equitable pay. This includes an annual global pay equity review and an analysis of employee remuneration in consultation with external experts.

8.7. Remuneration Structure

The Morgan Stanley Group's remuneration philosophy is based on the concept of annualised total reward (or total remuneration) and accordingly remuneration for the majority of employees is comprised of two key elements:

- Fixed remuneration consisting of base salary and, for certain employees, a Role Based Allowance ("RBA"), which is determined based on an individual's role and responsibilities and is paid monthly via payroll; and
- Variable remuneration that is based on a number of factors, including but not limited to company, business unit, and individual performance.

As SCUK is subject to exemption from applying remuneration rules due to proportionality, it is not required to apply pay out rules to its MRTs. However, employees who reach a certain remuneration threshold still receive a portion of their variable remuneration in the form of deferred incentive remuneration awards.

Guaranteed variable remuneration is only paid in exceptional circumstances in the context of hiring new employees and, in such instances, is limited to the first year of service. Such awards would only be made if the relevant legal entity has a sound and strong capital base. Awards of guaranteed variable remuneration are subject to an approval process, which includes receiving approval from the appropriate Senior Manager and the EMEA Head of Compensation, and in certain circumstances the EMEA Head of HCM and the Morgan Stanley Group's Global Chief Human Resources Officer ("Global CHRO").

No variable remuneration awards granted for the purpose of retaining employees in SCUK (retention bonuses) were made in 2024.

Termination payments made to certain employees on leaving SCUK are considered in accordance with the applicable severance framework, and are intended to avoid rewarding negative performance contributions or misconduct, in compliance with the requirements of the MIFIDPRU Remuneration Rules.

Ratio Between Fixed and Variable Remuneration

SCUK's policy on the ratio between fixed and variable remuneration is to allow for flexibility, whilst recognising the need to ensure that remuneration is appropriately balanced between the fixed and variable remuneration elements. An appropriate ratio of fixed remuneration to variable remuneration has been determined and approved by the SCUK Board and applied to all MRT employees according to the FCA's Prudential sourcebook for Investment Firms ("IFPRU") Remuneration Code 19A.3.44A.

Deferred Remuneration

Employees who reach a certain remuneration threshold receive a portion of their variable remuneration in the form of deferred incentive remuneration awards.

Each year, the CMDS Committee reviews the global variable remuneration pool and the design and structure of the annual remuneration program, including eligibility, the form of deferred variable remuneration awards, deferral formulae applicable to variable remuneration, and the vesting and timing of payments and cancellation and clawback provisions of the deferred awards.

The form of deferred variable remuneration awards (i.e., equity, fund-based instruments, or a combination thereof) is determined based on a variety of factors, including the number of shares available for grant under the Morgan Stanley Group's equity plans and for MRTs, ensuring compliance with applicable Remuneration Rules, including the MIFIDPRU Remuneration Rules.

Delivering all or a portion of deferred variable remuneration in the form of equity links variable remuneration to fund or Morgan Stanley Group performance through the Morgan Stanley Group's stock price performance. Risk outcomes that result in a negative impact to the fund or the Morgan Stanley Group reduce the value of the deferred award, and the employee is subject to this decline in value through the deferral period. In addition, there is a formal governance process to consider and determine ex-ante and ex-post adjustments to variable remuneration. The Morgan Stanley Group believes that its remuneration decisions for 2024 demonstrate its focus on long-term profitability and commitment to sustainable shareholder value with appropriate rewards to retain and motivate top talent throughout economic cycles.

8.8. Risk Adjustment

The Morgan Stanley Group continually monitors the effectiveness of its remuneration structures and utilises a thorough process of considering risk-adjusted performance, compliance with risk limits and the market and competitive environment when sizing and allocating annual variable remuneration pools.

Throughout the year, employee conduct matters that are escalated through the Morgan Stanley Group's Global Conduct Risk Program are reviewed to determine whether they present situations that could require clawback or cancellation of previously awarded remuneration, as well as downward adjustments to current year remuneration. All variable remuneration for MRTs has provisions that allow for clawback of any awards or remuneration paid or delivered. Cancellations and clawbacks of previously awarded remuneration are reviewed with the Employee Discipline Oversight Committee (a committee of senior management currently composed of the Morgan Stanley Group's CFO, Chief Legal Officer ("CLO"), CRO, Global CHRO, Chief Audit Officer, and the Head of Non-Financial Risk) and reported to the CMDS Committee quarterly. This process is enhanced by a formalised EMEA malus review and remuneration adjustment process overseen by the EROC. This process involves the EROC assessing situations which may warrant adjustment to current year variable remuneration and/or to apply cancellation and/or clawback to previously awarded remuneration, with reference to specific criteria that are contained in governing variable remuneration award documents and applicable policies.

Furthermore, an EMEA-wide Cancellation and Clawback policy is maintained which is applicable to all SCUK employees, including MRTs. Circumstances which trigger the application of this policy for SCUK include but are not limited to:

- There is reasonable evidence of serious misconduct. Serious misconduct means a situation in which the Morgan Stanley Group and/or the relevant regulated entity and/or business unit have sufficient consideration to justify summary termination of employment;
- The Morgan Stanley Group and/or the relevant regulated entity and/or relevant business unit in which an MRT is employed (or in relation to which they carry out some or all their duties) suffers a material failure of risk management;
- The Morgan Stanley Group and/or the relevant regulated entity and/or relevant business unit suffers a material downturn in its financial performance (subject to cancellation only);
- The MRT directly and/or materially, through their conduct, contributed to a regulatory sanction (or sanctions) being imposed; or
- The MRT failed to meet appropriate standards of fitness and propriety.

SCUK will also take into consideration an MRT's proximity to the failure of risk management in question and that individual MRT's level of responsibility. Any cash bonus is subject to repayment, recovery and recapture pursuant to the EMEA MRT Cancellation and Clawback Policy, as amended from time to time, and any applicable clawback, repayment, recapture or recovery requirements imposed under applicable laws, rules and regulations.

8.9. Prohibition of Personal Hedging Strategies

Personal hedging and pledging strategies which may undermine the risk alignment effects of variable remuneration are not permissible.

Staff members receive training and make an annual attestation to desist from such activities. Morgan Stanley Group monitors compliance by requiring employees to report their private custodial accounts, and additionally applies trading restrictions and approval processes to any transactions involving Morgan Stanley Group stock.

8.10 Aggregate quantitative information on remuneration

The following tables sets out aggregate quantitative information on remuneration of individuals who were employed by SCUK in 2024, among which 5 are MRTs:

Table 5: Remuneration awarded for the financial year

		a+b	c
£000's	**Row reference**	**Senior Management and Other Material Risk Takers**	**Other Staff**
Number of identified staff	3	5	31
Fixed remuneration	4b	904	1,518
Variable remuneration	4c	388	188
Total remuneration	**4a**	1,292	1,706

Table 6: Deferred remuneration (material risk takers)

		a+b
£000's	**Row reference**	**Senior Management and Other Material Risk Takers**
Total amount of deferred remuneration awarded for previous performance periods:	6b	55
Of which due to vest in the financial year in which disclosure is made	6b	-
Of which will vest in subsequent financial years	6b	55
Amount of deferred remuneration due to vest in the financial year which is or will be paid out but have been withheld as a result of performance adjustment;	6c	-
Amount of deferred remuneration due to vest in the financial year which were due to vest but have been withheld as a result of performance adjustment;	6c	-

Table 7: Exemption provision to material risk takers

		a
£000's	**Row reference**	**Material Risk Takers [2]**
Total number of material risk takers who benefit from an exemption [1]	6dii	4
Total remuneration of those material risk takers who benefit from an exemption	6diii	901
Of which fixed remuneration	6diii	704
Of which variable remuneration	6diii	197

1 The firm uses the exemption in SYSC 19G.5.9R(2) with the below provisions not applying in relation to a material risk taker where the individual's annual variable remuneration (i) does not exceed £167,000; and (ii) does not represent more than one-third of the individual's total annual remuneration:
(a) SYSC 19G.6.19R to SYSC 19G.6.21G (Shares, instruments and alternative arrangements);
(b) SYSC 19G.6.22R and SYSC 19G.6.23G (Retention policy); and
(c) SYSC 19G.6.24R to SYSC 19G.6.29R (Deferral).
2 According to MIFIDPRU 8.6.8 (7), information for senior management and other MRTs are aggregated for the disclosure on 6d(ii-iii).

SCUK did not make any special payments, including guaranteed variable remuneration awards and severance payments, to MRT employees in 2024.

9. Appendix I: MIFIDPRU Article Reference Mapping

Articles	Summary of Requirements	Compliance Reference SCUK
8.1 Disclosure		
8.1.1 **8.1.2**	All disclosure requirements apply to a Non-SNI firm, with the exception of: (4) Investment policy only applies if the firm does not fall within MIFIDPRU 7.1.4R(1).	SCUK is a Non-SNI firm.
8.1.3 **8.1.4** **8.1.5** **8.1.6**	SNI MIFIDPRU Investment Firms: 1. A Non-SNI investment firm may be reclassified as an SNI MIFIDPRU Investment firm in certain circumstances and be subject to reduced disclosure requirements. When reclassified to a SNI investment firm, full disclosure requirements apply the year of reclassification. 2. When an SNI investment firm is reclassified as a Non-SNI investment firm, reduced disclosure requirements apply the year of reclassification, but it can choose to fully disclose in line with non-SNI investment firms requirements.	Not applicable.
8.1.7	Disclosure required on an individual basis, unless exempt.	Disclosure prepared for SCUK on an individual basis.
8.1.8 **8.1.9**	Qualitative disclosure detail must be appropriate to the size and complexity of the investment firm. E.g., non-SNI investment firms should disclose more detailed remuneration information than an SNI investment firm.	Meets requirement.
8.1.10 **8.1.11**	Disclosure is required annually on the date the investment firm publishes its annual financial statements. More frequent disclosure should be considered in particular circumstances, such as a major change in business model or merger.	
8.1.12	MIFIDPRU TP12 details transitional provisions for disclosure requirements.	Not applicable
8.1.13 **8.1.14** **8.1.15** **8.1.16** **8.1.17**	Disclosure must be easily accessible, free to obtain, clearly presented and easy to understand. For future disclosures, the format should be consistent with previous disclosure periods, and any significant changes should be highlighted. A firm is not required to disclose items which in doing so would breach the law of another jurisdiction. Disclosures should be published on a website.	Meets requirement.
8.2 Risk management objectives and policies		
8.2.1 **8.2.2** **8.2.3**	An investment firm must disclose its risk management objectives and policies relating to own funds requirements, concentration risk and liquidity. This must include a concise statement approved by the investment firm's governing body describing the potential for harm associated with the business strategy and a summary of the strategies and processes used to manage each risk category, highlighting how this helps reduce the potential for harm. An investment firm may draw information from the ICARA process to comply with disclosing its approach to risk management referencing its risk management policies, details of risk management structure and operations, how risk appetite is set and summary of how it assesses the effectiveness of its risk management processes.	Section 4: Risk Management.
8.3 Governance arrangements		
8.3.1	Information relating to internal governance arrangements: 1. an overview of how it complies with governance arrangements; 2. number of directorships (executive and non-executive) held by each board member; 3. a summary of the policy promoting diversity in the board; 4. if the firm has a risk committee and whether the firm is required to establish a risk committee.	Section 5: Governance and Board of Directors.
8.4 Own funds		
8.4.1	Information on own funds: 1. a reconciliation of CET1, AT1 and T2 to calculate own funds; 2. a reconciliation of own funds to its audited financial statements; and 3. a description of the main features of CET1, AT1 and T2 instruments issued by the firm. A firm that is not required to publish annual financial statements is not required to disclose (2)	Section 6. Capital Resources Table 2: Composition of regulatory own funds. Table 3: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements. Section 7: Capital Instruments Template Table 4: Own funds: main features of own instruments issued by the firm.
8.4.2	A firm must use the template available at MIFIDPRU 8 Annex 1R in order to disclose the information requested at MIFIDPRU 8.4.1R.	
8.5 Own funds Requirements		
8.5.1	An investment firm must disclose: 1. The KFR broken down into a. Sum of K-AUM, K-CMH and K-ASA; b. Sum of K-COH and K-DTF; c. Sum of K-NPR, K-CMG, K-TCD and K-CON. 2. FOR.	Section 1. Overview and Key Metrics. Table 1: Key Metrics.
8.5.2	An investment first must disclose its approach to assessing the adequacy of its own funds in accordance with the overall financial adequacy rule.	Section 3. Capital Management.
8.6 Remuneration policy and practices		Section 8. Remuneration
8.7 Investment policy		Not applicable

10. Appendix II: Abbreviations

Term	Definitions
AT1	Additional Tier 1 Capital
CASS	Client Assets Sourcebook
CASSCO	CASS Committee
CE	Covered Employees
CET1	Common Equity Tier 1 Capital
CFO	Chief Finance Officer
CEO	Chief Executive Officer
CLO	Chief Legal Officer
CMDS Committee	Compensation, Management Development and Succession Committee
COO	Chief Operating Officer
CPU	Computershare Limited
CRO	Chief Risk Officer
EMEA	Europe, Middle East, and Africa
HCM	Human Capital Management
EROC	EMEA Remuneration Oversight Committee
FCA	Financial Conduct Authority
FOR	Fixed Overheads Requirement
FX	Foreign Exchange
GBP	British Pound Sterling
GC	General Counsel
Global CHRO	Morgan Stanley Group's Global Chief Human Resources Officer
ICARA	Internal Capital Adequacy and Risk Assessment
IFLST	Investment Firm Liquidity Stress Test
IFPRU	Prudential sourcebook for Investment Firms
K-ASA	Assets Safeguarded and Administered K-Factor Requirement
K-AUM	Assets Under Management K-Factor Requirement
K-CMG	Clearing Margin Given K-Factor Requirement
K-CMH	Client Money Held K-Factor Requirement
K-COH	Client Orders Handled K-Factor Requirement
K-CON	Concentration Risk K-Factor Requirement
K-DTF	Daily Trading Flow K-Factor Requirement
KFR	K-Factor Requirement
K-NPR	Net Position Risk K-Factor Requirement
K-TCD	Trading Counterparty Default K-Factor Requirement
MiFID	Markets in Financial Instruments Directive
MIFIDPRU	Prudential Sourcebook for MiFID Investment Firms
Morgan Stanley Group	Morgan Stanley, its subsidiaries and affiliates
MRT	Material Risk Taker
MS	Morgan Stanley
MSAW	Morgan Stanley at Work
NED	Non-Executive Director
Non-SNI	Non Small and Non-Interconnected
PMC	Permanent Minimum Capital Requirement
PRA	Prudential Regulation Authority
RBA	Role Based Allowance
RLF	Required Liquidity Framework
SCUK	Solium Capital UK Limited
SNI	Small and Non-Interconnected
SYSC	Senior Management Arrangements, Systems and Controls
The FCA Handbook	FCA handbook of rules and guidance
TSA	Transitional Services Agreement
T2	Tier 2 Capital
UK	United Kingdom
USA	United States of America