

15 May 2024

Introduction

The Financial Conduct Authority sets out the detailed prudential requirements that apply to us. Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

Frank Investments Limited is classified under MIFIDPRU as a small and non-interconnected MIFIDPRU investment firm (“SNI MIFIDPRU Investment Firm”). As such, the Firm is required by MIFIDPRU 8 to disclose information regarding its remuneration policy and practices.

Remuneration Policy and Practices

As an SNI MIFIDPRU Investment Firm, Frank Investments Limited (‘the Firm’) is subject to the basic requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook (“SYSC”)).

The purpose of the remuneration requirements at the Firm are:

- ❖ Promotion of effective risk management in the long-term interests of the Firm and its clients;
- ❖ Discourage risk taking which is inconsistent with the risk profile of the assets under management;
- ❖ Support positive behaviours by individuals within the Firm (senior and junior, with an emphasis on risk takers) and healthy firm cultures; and
- ❖ Discourage behaviours that can lead to misconduct (financial and non-financial) and poor client outcomes.
- ❖ To ensure that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm, stakeholders and of its clients.
- ❖ Maintain effective remuneration policy and practices enabling clear decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.

The Firm’s remuneration policies and practices establish, implement, and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, Frank Investments Limited recognises that remuneration is a key component in how the Firm whilst being able to attract, motivate and maintain high-calibre employees and sustains consistently high levels of performance, productivity, and results for its clients, who are placed at the heart of its business.

As such, the Firm’s remuneration philosophy is also grounded in the belief that its people are the most important asset and provide its greatest competitive advantage.

Total remuneration is determined by:

- individual performance both commercially and with reference to the appraisal methods detailed in the Firm's Remuneration Policy;
- the performance of the relevant business unit; and
- the results of the Firm as a whole.

The assessment of performance to determine variable remuneration considers financial as well as non-financial criteria.

Where remuneration is performance-related, then in addition to the performance of the individual the Firm will also consider the overall results of the firm.

Performance assessment will not relate solely to financial criteria but will also include compliance with regulatory obligations and adherence to effective risk management. In keeping with the Firm's long-term objectives, the assessment of performance will consider longer-term performance appropriate to the life-cycle of the products and services manufactured and provided by the Firm.

In the case of early termination of a contract any payments will reflect performance achieved over time. The Firm does not reward failure, nor does it award guaranteed variable remuneration.

Remuneration at Frank Investments is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff, which typically include salaries, bonuses, long-term incentive plans, options, hiring bonuses, severance packages, leave, benefits as well as pension arrangement and various other allowances where applicable.

Variable remuneration:

Bonuses

Bonus is paid on a discretionary basis at a varying percentage of fixed remuneration and takes into consideration the Firm's financial performance and the financial and non-financial performance of the individual in contributing to the Firm's success.

All staff are subject to an internal annual review before a bonus is awarded. The review covers a variety of areas, as applicable to each individual's roles and responsibilities, including but not limited to contribution to team development, risk management, service delivery, compliance, and communication, etc.

Governance and Oversight

Whilst appreciating the contribution that can be made by a Remuneration Committee, the Firm considers that such a body would not be proportionate given the size and non-complex nature of both its activities and organisation. Instead, the Firm's governing body undertakes this role.

The Board is responsible for setting and overseeing the implementation of Frank Investment's remuneration policy and practices. The Firm's remuneration policy and practices are reviewed annually by the Board.

Quantitative Remuneration Disclosure

For the remuneration performance year 01 January 2023 to 31 December 2023, the total amount of remuneration awarded to all staff was £497,846 of which the variable was £54,500. For these purposes, 'staff' is defined broadly, and includes, for example, employees of the Firm itself, long term contractors, directors and employees of other entities in the group.