

# Annual MIFIDPRU disclosure report: 31 March 2022

Canaccord Genuity Financial Planning Limited



## 1. Overview

### 1.1 Objective

This disclosure statement (the 'Statement') has been prepared by Canaccord Genuity Financial Planning Limited ('CGFPL'), also referred to as (the 'Company') in order to fulfil the regulatory disclosure requirements set out by the Financial Conduct Authority ('FCA') in the Prudential sourcebook for MiFID Investment Firms ('MIFIDPRU') Chapter 8.

In January 2022 the FCA introduced the Investment Firms Prudential Regime (IFPR), a new regime for UK firms authorised under the Markets in Financial Instruments Directive (MiFID). The regulation that formalises this regime is called MIFIDPRU.

The Company has adopted the transitional provision available in MIFIDPRU TP 12.6R not to disclose Risk management objectives and policies.

### 1.2 Basis of disclosure

This report is prepared on an accounting individual basis and includes the following regulated entity:

Canaccord Genuity Financial Planning Limited ('CGFPL') (FRN 154608)

The report is not required to be reviewed by the Firm's auditor. Certain information has been omitted from the report if, in the opinion of the management of CGFPL, such information is of proprietary nature, price-sensitive, may intrude the privacy of the company's clients or would not change or influence the assessment or decision of market participants or other users of the report.

### 1.3 Frequency of disclosure

Unless otherwise stated, all figures are as at 31 March 2022, the Company's financial year end, with comparative figures for 31 March 2021 where relevant, in accordance with the rules set out in chapter 8 of MIFIDPRU.

MIFIDPRU 8 disclosures are published annually concurrently with the Annual Report and Accounts in accordance with regulatory guidelines.

### 1.4 Location

MIFIDPRU 8 disclosure report is available on the Firm's website at: [www.canaccordgenuity.com/wealth-management-uk/legal-and-regulatory-information/legal--regulatory-information-uk/](http://www.canaccordgenuity.com/wealth-management-uk/legal-and-regulatory-information/legal--regulatory-information-uk/)

under the 'Legal and Regulatory Information' section. Copies of the statement are available on request by writing to Investor Relations, 88 Wood Street, London, EC2V 7QR.

## 2. Corporate background

The Company is a subsidiary of Canaccord Genuity Group Inc. ('CGGI'), a Canadian company listed on the Toronto Stock Exchange. CGGI is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and global capital markets.

CGGI has Wealth Management offices located in Canada, Australia, the UK ('CGWM UK'), and Crown Dependencies, CGGI's international capital markets division operates in North America, UK & Europe, Asia, Australia and the Middle East.

The CGWM UK Group consists of CGFPL along with Hargreave Hale Limited ('HHL'), CG Wealth Planning Limited ('CGWPL'), Canaccord Genuity Wealth Limited ('CGWL') and Adam & Company Investment Management Limited ('ACIML') which was acquired by CGWL in October 2021.

CGFPL provides tailored financial solutions for private clients and small businesses. Often working hand in hand with investment managers, our highly qualified Wealth Planning directors and advisers specialise in helping clients to achieve their long term objectives, with the aim of building long lasting relationships. CGFPL employees work with clients on a one-off, short-term basis to find a solution to an individual query or problem, for example those with pension issues, seeking tax mitigation strategies or funding for long-term care.

### 2.1 Internal governance arrangements

The CGWM UK Group, consisting of CGWL, ACIML, HHL, CGWPL and CGFPL, has a centralised Risk Management function and processes which ultimately report into the Boards of each entity.

The Board of each CGWM entity has overall responsibility for the establishment and maintenance of an appropriate risk management framework. A Committee structure, reporting to the Board, is in place to ensure that procedures, controls and limits are consistent with a Board approved risk framework and appetite.

## 2.2 Organisational structure

Each CGWM entity operates with its own distinct Board. Current membership of the CGFPL Board is as follows:

- Non – executive Chairman
- CEO
- One non-executive director

The CGFPL Board is the 'responsible body' under the Internal Capital and Risk Assessment (ICARA) process which must be updated to reflect any changes to the Firm's business profile and in any case at least annually.

The table below shows the directors of the CGFPL Board along with the number of directorships held by each person across the wider CGWM UK Group and outside of CGWM UK Group as at 31 March 2022:

Name	Number of directorships (executive and non-executive) held by each member of CGFPL including other CGWM UK entities
S Massey	17
J McAleenan	7
D Esfandi	10

CGFPL has also constituted separate Audit and Risk Committees.

The Board and its Audit Committee and Risk Committee operate within defined terms of reference which include a clear purpose and authority, duties and requirements for management information. They also have access to the minutes from their respective sub-committees.

The CGFPL Audit and Risk Committees meet quarterly and are both chaired by a non-executive director with membership including the Board's Non-Executive Chairman. These Committees are also attended by the CEO, CFO and COO, plus other Board members, Divisional Risk Committee ('DRC') and UK Compliance Committee members, internal auditors and external auditors as required. The CGFPL Risk Committee's terms of reference include the review of the risk management framework and reported exceptions. It is also responsible for considering the reports of the Risk Management and Compliance functions. The CGFPL Audit Committee is responsible for considering plans and reports from its internal and external auditors.

The Wealth Planning Executive Committee ('ExCo') is the principal forum for conducting the business of the Company, and its members take day to day responsibility for the efficient running of the business. The ExCo is responsible for the implementation of Board strategy in conjunction with the CGWM UK Executive Committee.

The DRC is a management committee responsible for ensuring that appropriate risk mitigation is in place within CGWM and that the company's control environment is commensurate with

its needs, based on the strategy and risk appetite adopted by the Board and the Executive Committee. It implements risk policies directed by the Board. The Committee meets five times per year and is chaired by CGWM's Group Head of Compliance.

### ICARA process

Central to a firm's risk management framework under the regulatory regime is the Internal Capital Adequacy Assessment Process (ICARA), which is not only integral to how the firm manages risk but is also central to how the FCA manages the risk of the firm that it supervises.

As part of the ICARA process the CGFPL Board oversees and assesses:

- Identification and monitoring of risks or harms;
- Details of any financial and non-financial mitigations implemented;
- Forecast capital and liquidity needs on an ongoing basis and where the firm may have to wind-down;
- Determine appropriate and credible recovery actions to prevent breaching a threshold requirement;
- Undertake wind-down planning; and
- Assess the adequacy of the firm's own funds and liquidity requirements.

The ICARA should clearly set out the firm's assessment of its risks and harms post mitigation and whether further capital is required in addition to the requirements set out by the FCA, specifically FOR and K-factor. Any additional own funds are to be recorded and agreed within the ICARA process.

Scenario analysis is to be conducted and documented within the ICARA to assess the potential financial impact of specific events on the firm and whether the firm would remain a going concern.

The firm is required to provide information from the ICARA to the FCA on a periodic basis via a number of regulatory returns. The FCA have also implemented an annual ICARA questionnaire (regulatory return MIF007).

The outcome of the ICARA is formally approved by the CGFPL Board at least annually, with more frequent reviews if there is a fundamental change to the business or the operating environment.

## 3. Own Funds held

Under MIFIDPRU, CGFPL is required to disclose:

1. a reconciliation of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the Own Funds of the firm – see Table 1 below;
2. a reconciliation of 1 (above) with the capital in the balance sheet in the audited financial statements of the firm – see Table 2; and
3. a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the firm – see Table 3.

Table 1: Composition of regulatory own funds (31 March 2022)

Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
<b>1 Own funds</b>	1,567	n/a - sum of items below
<b>2 Tier 1 capital</b>	1,567	
<b>3 Common Equity Tier 1 capital</b>	<b>1,567</b>	
4 Fully paid up capital instruments	1,133	Note 11
5 Share premium	544	
6 Retained earnings	-112	
7 Accumulated other comprehensive income	0	
8 Other reserves	2	
9 Adjustments to CET1 due to prudential filters	0	
10 Other funds	0	
<b>11 Total deductions from common equity Tier 1</b>	<b>0</b>	
19 CET1: Other capital elements, deductions and adjustments	0	
<b>20 Additional Tier 1 capital</b>	<b>0</b>	
21 Fully paid up, directly issued capital instruments	0	
22 Share premium	0	
<b>23 Total deductions from additional Tier 1</b>	<b>0</b>	
24 Additional Tier 1: Other capital elements, deductions and adjustments	0	
<b>25 Tier 2 Capital</b>	<b>0</b>	
26 Fully paid up, directly issued capital instruments	0	
27 Share premium	0	
<b>28 Total deductions from Tier 2</b>	<b>0</b>	
29 Tier 2: Other capital elements, deductions and adjustments	0	

**Table 2: Own Funds: reconciliation of regulatory Own Funds to balance sheet in the audited financial statements**

	Balance sheet as in published/audited financial statements (as at period end)	Under regulatory scope of consolidation (as at period end)	Cross reference to template OF1 (above)
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>			
1	Deferred tax asset	1	n/a
2	Trade and other receivables	738	n/a
3	Group relief available	125	n/a
4	Cash and cash equivalents	8,067	n/a
	<b>Total Assets</b>	<b>8,931</b>	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>			
1	Trade and other payables	7,364	n/a
	<b>Total Liabilities</b>	<b>7,364</b>	
<b>Shareholders' Equity</b>			
1	Share capital	1,133	n/a
2	Share premium	544	n/a
3	Capital redemption reserve	2	n/a
4	Retained earnings	-112	n/a
	<b>Total Shareholders' equity</b>	<b>1,567</b>	

**Table 3: Own funds: main features of own instruments issued by the CGFPL**

<b>Capital instruments main features</b>	
Issuer	Canaccord Genuity Financial Planning Limited
Governing law(s) of the instrument	England and Wales
Instrument type	Equity
<b>Regulatory treatment</b>	
Transitional CRR rules	Common Equity Tier 1
Post-transitional rules	Common Equity Tier 1
Instrument type	Ordinary Shares
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	1,133
Nominal amount of instrument	1,133
Issue price	100%
Redemption price	Not Applicable
Accounting classification	Shareholders Equity

Regulatory treatment	
Perpetual or dated	Perpetual
Maturity date	Not Applicable
Issuer call subject to prior supervisory approval	No
Optional call date, contingent call dates and redemption amount	Not Applicable
Subsequent call dates, if applicable	Not Applicable
Fixed or floating dividend/coupon	Variable
Coupon rate and any related index	Not Applicable
Existence of a dividend stopper	No
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Convertible or non-convertible	Non-convertible
Write-down features	No

#### 4. Own Funds regulatory requirement

The level of regulatory capital that must be held to absorb losses is the 'Own Funds Threshold' requirements. CGFPL must hold Own Funds in sufficient quantity and quality in accordance with MIFIDPRU. The 'Own Funds' requirement is the higher of the following three items:

1. Permanent Minimum Capital – this is defined by the regulation and is £75,000 for CGFPL;
2. Fixed Overhead Requirement – this is equal to a quarter of CGFPL's overheads – this level is £395,821;
3. 'K' factors total is £Nil.

Therefore the Own Funds requirement is £395,821.

In accordance with MIFIDPRU 7.4.7 the Company has identified through its risk assessment process that an additional funds requirement of £429,179 should be held to address potential material harms from ongoing activities. This has resulted in an overall financial adequacy rule as £825,000 which is CGFPL's Own Funds Threshold level.

Additionally, the rules to determine the level of the Own Funds Threshold require that additional amounts need to be held in the event they are required to support an orderly wind down. CGFPL's wind down costs do not exceed the Own Funds Threshold Level set out above so additional amounts are not required.

#### Meeting the Overall financial adequacy rule

CGFPL must always meet the 'overall financial adequacy rule'. This rule states that CGFPL must, at all times, hold Own Funds and liquid assets which are adequate, both in their amount and quality, to make sure CGFPL is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its

ongoing activities. In addition, CGFPL must ensure that it has adequate own funds and liquid assets that its business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

CGFPL meets this requirement through regular monitoring of:

- Own Funds held by CGFPL compared with the Own Funds Thresholds calculated according to MIFIDPRU; and
- Liquid assets held by CGFPL compared with the Liquid Assets Thresholds calculated according to MIFIDPRU.

These assessments are dynamic and reflect the evolution of the 'K' factors above as well as the assessments of risks explained earlier.

However, based on this yearly snapshot, we can see that the Own Funds level of £1.57m is significantly in excess of the £0.825m Own Funds Threshold level.

Own Funds held by CGFPL	
Level of Own Funds held	£1.57m
Own Funds Threshold	£0.83m
Excess held	£0.74m

The equivalent position for liquidity is as follows:

Liquid assets held by CGFPL	
Core liquid assets	£8.77m
Liquid Assets Threshold	£0.32m
Excess held	£7.80m

## 5. Remuneration policy

### 5.1 Classification of the group

CGFPL as a non-SNI (small and non-interconnected) MIFIDPRU investment firm meets the conditions in MIFIDPRU 7.1.4R(1) for reduced disclosure requirements on the basis that the value of the firm's on and off-balance sheet items over the preceding 4-year period is a rolling average below £300million and CGFPL has no trading book assets.

### 5.2 The role of the relevant stakeholders

The Company has no employees of its own. CGWL a fellow subsidiary undertaking has made and continues to make available a number of its employees to be engaged either on a full-time or part time basis in the performance of certain functions or operations in connection with the Company's business and recharges these costs under administrative expenses.

### 5.3 Aggregate remuneration

CGFPL is required to disclose quantitative remuneration information for its Material Risk Takers ('MRT') population in a manner that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

The following information relates to the year ended 31 March 2022. All MRTs are classified as senior management. No MRTs were employed by CGFPL and consequently Total remuneration expense for MRTs was nil.

During the year a total of 9 individuals employed by CGWL were categorised as MRTs.

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