Annual MIFIDPRU disclosure report: 31 March 2022

CG Wealth Planning Limited

Canaccord Genuity Wealth Management

1. Overview

1.1 Objective

This disclosure statement (the 'Statement') has been prepared by CG Wealth Planning Limited ('CGWPL'), 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. In addition, no disclosure of remuneration related information specified in MIFIDPRU 8.6 has been included in accordance with transitional provision available in MIFIDPRU TP 12.8R.

1.2 Basis of disclosure

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

CG Wealth Planning Limited ('CGWPL') (FRN 594155)

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 CGWPL, 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: https://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 CGWPL along with Hargreave Hale Limited ('HHL'), Canaccord Genuity Wealth Limited ('CGWL'), Canaccord Genuity Financial Planning Limited ('CGFPL') and Adam & Company Investment Management Limited ('ACIML') which was acquired by CGWL in October 2021.

CGWPL 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. CGWPL 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 CGWPL Board is as follows:

- Non – executive Chairman
- CEO
- Director Wealth Planning
- One non-executive director

The CGWPL 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 CGWPL 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 CGWPL including other CGWM UK entities
S Massey	17
J McAleenan	7
M Phillips	2
D Stratford	1

CGWPL 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 CGWPL 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 CGWPL 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 CGWPL 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 CGWPL 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 CGWPL 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, CGWPL 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
1	**Own funds**	3,870	n/a - sum of items below
2	**Tier 1 capital**	3,870	
3	**Common Equity Tier 1 capital**	**3,870**	
4	Fully paid up capital instruments	2,750	Note 16
5	Share premium	0	
6	Retained earnings	3,669	Note 17
7	Accumulated other comprehensive income	0	
8	Other reserves	0	
9	Adjustments to CET1 due to prudential filters	0	
10	Other funds	0	
11	**Total deductions from common equity Tier 1**	**-2,549**	
19	CET1: Other capital elements, deductions and adjustments	0	
20	**Additional Tier 1 capital**	0	
21	Fully paid up, directly issued capital instruments	0	
22	Share premium	0	
23	**Total deductions from additional Tier 1**	**0**	
24	Additional Tier 1: Other capital elements, deductions and adjustments	0	
25	**Tier 2 Capital**	0	
26	Fully paid up, directly issued capital instruments	0	
27	Share premium	0	
28	**Total deductions from Tier 2**	**0**	
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)
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Property, plant and equipment	7	n/a	n/a
2	Intangible assets	2,416	n/a	n/a
3	Derferred tax asset	133	n/a	n/a
4	Trade and other receivables	1,146	n/a	n/a
5	Cash and cash equivalents	3,961	n/a	n/a
	Total Assets	7,663		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Trade and other payables	1,244	n/a	n/a
	Total Liabilities	1,244		
Shareholders' Equity				
1	Share capital	2,750	n/a	Item 4
2	Retained earnings	3,669	n/a	Item 6
	Total Shareholders' equity	6,419		

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

Capital instruments main features	
Issuer	CG Wealth Planning Limited
Governing law(s) of the instrument	England and Wales
Instrument type	Equity
Regulatory treatment	
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)	2,750
Nominal amount of instrument	2,750
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. CGWPL 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 CGWPL;
2. Fixed Overhead Requirement – this is equal to a quarter of CGWPL's overheads – this level is £744,750;
3. 'K' factors total is £Nil.

Therefore the Own Funds requirement is £744,750.

In accordance with MIFIDPRU 7.4.7 the Company has identified through its risk assessment process that an additional funds requirement of £390,250 should be held to address potential material harms from ongoing activities. This has resulted in an overall financial adequacy rule as £1,135,000 which is CGWPL'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. CGWPL'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

CGWPL must always meet the 'overall financial adequacy rule'. This rule states that CGWPL must, at all times, hold Own Funds and liquid assets which are adequate, both in their amount and quality, to make sure CGWPL 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, CGWPL 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.

CGWPL meets this requirement through regular monitoring of:

- Own Funds held by CGWPL compared with the Own Funds Thresholds calculated according to MIFIDPRU; and
- Liquid assets held by CGWPL 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 £3.87m is significantly in excess of the £1.135m Own Funds Threshold level.

Own Funds held by CGWPL	
Level of Own Funds held	£3.87m
Own Funds Threshold	£1.14m
Excess held	£2.74m

The equivalent position for liquidity is as follows:

Liquid assets held by CGWPL	
Core liquid assets	£4.98m
Liquid Assets Threshold	£0.88m
Excess held	£4.10m

5. Remuneration policy

In accordance with the transitional provisions for public disclosure requirements contained in rule 12.8 of MIFIDPRU TP12, for the financial year that ended on 31 March 2022, the Company complies with remuneration disclosures requirements as they applied to CGWPL in the previous financial years under BIPRU.

5.1 Classification of the group

As set out in the FCA's General guidance on proportionality: The Remuneration Code SYSC 19A the Company is classified as a proportionality level three firm for the purpose of remuneration disclosures on the basis it has gross assets of less than £15bn.

5.2 Remuneration Committee

Whilst the Company does not meet the criteria of an Enhanced Remuneration Code firm, it has constituted a separate Remuneration Committee ('REMCO'), the members of which are two Non-Executive Directors. No members of the UK management team sit on the REMCO, although they are in attendance, if invited to be so, by the Chairman, and are able to make representations.

The REMCO is responsible for approving the general principles of remuneration plans and ensuring the balance of pay is in-line with market. The REMCO is afforded with the flexibility to choose remuneration structures which are most appropriate for the Company's strategy and business needs. Remuneration Structures include, but are not limited to, fixed salary, discretionary variable bonuses, equity deferral, buy-outs and guaranteed variable pay, personal hedging st rategies, pension payments and early termination payments.

The REMCO is responsible for the approval of all compensation of the members of the Executive Committee and senior staff in control functions, including salary increases, bonuses and stock awards. REMCO will seek input from senior management and/or the control functions, as appropriate.

5.3 The role of the relevant stakeholders

The CEO and CFO are not members of the Remuneration Committee, although they do provide non-binding advice to it.

5.4 The link between pay and performance

Compensation payments are made up of a mixture of fixed salary paid monthly and a discretionary variable bonus, which is paid in cash and/or shares in Canaccord Genuity Group Inc. Total compensation includes a range of benefits associated with employment including, but not limited to, private health insurance, pension contributions and death in service insurance.

Remuneration is designed to reward performance, with the overall package intended to generally reflect market practice for any given role.

The Company's remuneration structure comprises a fixed salary element, which is intended to reflect an employee's professional experience and organisational responsibilities and is distinct from variable remuneration which is intended to reward performance in excess of that required to fulfil the employee's job description.

Discretionary variable bonuses are paid following a 6 month performance review of the financial period to which they relate. All variable pay awards are conditional, discretionary and contingent on sustainable and risk adjusted performance and therefore capable of clawback forfeiture or reduction at the employer's discretion.

5.5 Aggregate remuneration

The following information relates to the year ended 31 March 2022. All Material Risk Takers ('MRT') are classified as senior management. Fixed remuneration includes both gross salary and employer payments to defined contribution pension plans. Variable remuneration includes cash bonuses and shares granted under long term share-based incentive plans.

During the year a total of 9 employees of CGWM UK group were categorised as MRTs in relation to CGWPL. The Company has relied upon the disclosure exemption permitted in BIPRU 11.3.6 R on the basis that disclosure of fixed and variable remuneration would result in the disclosure of confidential information about one or two people.