Midmar Capital LLP - MIFIDPRU 8.6 Remuneration Policy Statement 2025

Introduction

The Financial Conduct Authority ('FCA') has systems and controls rules in line with SYSC 19 in respect of remuneration of staff of FCA authorised firms. This includes under SYSC19G for investment management firms such as Midmar Capital LLP (Midmar or the firm), regardless of the type of remuneration involved. It also reflects Article 27 of the MiFID Org Regulation, transposed into UK law post Brexit by the Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019.

The proportionality principle in SYSC 19G.2.4 R requires that a firm's remuneration policies and practices must be appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the firm.

Under the Investment Firms Prudential Regime, Midmar has been categorised as a small and non-interconnected (SNI) firm. The firm also has permission under the Alternative Investment Fund Managers Directive ('AIFMD") for permission to manage an AIF. The firm does not form part of any group.

The FCA rules reflect a number of Principles and the FCA considers that firms need to align remuneration policies with effective risk management. This includes having a clear and documented remuneration policy which is reviewed, updated and disclosed at least annually either in the firm's audited accounts or available on the firm's website. The policy should outline the firm's risk management systems and controls including identifying material risk takers. It should also ensure that any remuneration arrangements for such staff for the current and future years comply with these requirements.

As a SNI firm, not all of the remuneration requirements under SYSC 19G apply to the firm's business where the rules only apply to non-SNI firms. As an SNI firm, under MIFIDPRU 8.6, Midmar is required to disclose its Remuneration Policy at least annually on its website but otherwise is not required to make any other external disclosures under MIFIDPRU 8.

Described below is the Remuneration Policy for Midmar Capital LLP (FRN 519772) for remuneration year 1 April 2024 to 31 March 2025 which all Partners and Risk Takers (as defined by FCA rules and this policy) are required to adhere to.

This policy has also taken into account any other general guidance that the FCA has issued in relation to incentives and performance management including FCA FG 15/10 (performance management) and FSA 13/1 (incentives). Relevant guidance from the FCA website from 2016 in relation to both topics of financial incentives and performance management is considered where relevant.

As a regulatory Principal to appointed representatives ("ARs"), the Firm also has a number of approved persons on behalf of its ARs. For the avoidance of doubt, those AR approved persons are not considered 'staff' within the scope of this policy. They are not employees of Midmar, receive no remuneration from the Firm, and do not have any significant management influence over Midmar.

In line with MIFIDPRU 8.6, the Firm is required to make an annual disclosure of its remuneration arrangements. This disclosure reflects the Firm's arrangements for performance and financial year ending 31 March 2025.

Business Model and Basis of Remuneration

Midmar provides an incubation service for start-up investment management and investment advisory firms. This involves hosting such entities as ARs on an interim basis to enable that entity to commence carrying out advisory and arranging regulated activities permitted by the AR Regulations while also providing them with support to manage their applications for direct FCA authorisation. The AR businesses that we work with are generally newly-established private equity or venture capital investment firms.

Midmar has regulatory permissions under MiFID for managing investments (and associated activities) and is also a small authorised (sub threshold) AIFM. This enables the Firm to act as investment manager to investment funds advised by its ARs and also to third-party funds. Due to the nature of the funds and the arrangements for fund management, no specific investment performance targets are set on which remuneration could be based.

The Firm has a low-risk appetite. Core foundations of our risk management process are not only to have the ability and resources (financial and non-financial) to manage risk outcomes should they occur but with the key objective to have robust policies and procedures to prevent risks happening in the first place. We consider that to be the primary objective of a risk management framework followed by effective risk management and mitigation.

The Firm is a limited liability partnership and any remuneration taken by the partners from the Firm is in accordance with the Partnership Agreement. Other than a fixed monthly retainer fee to one of the Partners for ad hoc compliance consulting support, any other Midmar based partner remuneration is taken from profits once any costs have been accounted for. The Firm does not currently operate any bonus scheme for risk takers or other staff, relating to performance or otherwise.

When considering the scope of individuals covered by MiFIDPRU 8.6 and SYSC 19G.5, the FCA's term 'Material Risk Takers' is only formally applicable to non-SNI firms and therefore Midmar does not have any Material Risk Takers as defined by FCA rules under either section of the Handbook. However, it has taken into consideration guidance at SYSC 19G.1.24 in relation to the scope of 'staff' and also SYSC 19G.5.3 regarding individuals that could have a 'material impact on the firm's risk profile or the assets that the firm manages'. The Firm also takes note of SYSC 19G.5.6G which states that *"It is important that firms consider all types of roles that may have a material impact on the firm's risk profile or on the assets it manages. The categories of staff referred to in SYSC 19G.5.3R are intended to be a starting point only. A firm should develop its own additional criteria to identify further individuals based on the specific types of activities and risks relevant to the firm."*

Midmar does not have any employees and therefore no staff are entitled to fixed or 'direct' remuneration from Midmar. Staff are employees or contractors of an associated firm, Gem Compliance Consulting Ltd, (of which the two Midmar partners are directors) which charges a fixed monthly fee to Midmar for outsourced compliance function resources. The level of the fee is covered by an outsourcing contract between Gem Compliance and Midmar Capital and is reviewed on an annual basis to reflect the costs associated with the outsourcing arrangements. Therefore, no staff are entitled to any variable remuneration from Midmar and are not subject to any performance related incentive scheme.

Gem Compliance operates monthly payroll direct to employee bank accounts which is based on employees' annual salary (and where appropriate, any discretionary bonuses awarded) and remuneration is not paid to any other vehicles other than workplace pensions at fixed contribution levels and as required by legislation.

The Firm does not have any shareholders or investors other than the Partners. There is one equity partner and one non-equity partner. Remuneration is taken from the Firm in accordance with the Partnership Agreement, which all parties have signed. This means that unless specified otherwise, remuneration is taken from the level of profits rather than income.

As at the date of this statement (November 2025), the Firm's ICARA process has identified that the Firm's own funds threshold requirement is £115,000, with Midmar's early warning indicator being £117,048 (110% of the Firm's Overall Financial Adequacy Requirement of £106,408). Therefore, Midmar is required to maintain at least £117,048 of eligible capital at all times to manage risk, and to meet operational and potential wind down costs. Its minimum capital requirements are calculated taking into account three months operating costs. Capital is primarily held as cash to meet FCA capital adequacy requirements at all times including one months fixed operating costs requiring to be held in cash (currently just over £30K) based on audited accounts as at 31 March 2025). Comparable figures during the 2023/2024 performance year were a minimum of £111,000 OFAR and also a minimum of £30,000 cash.

Remuneration is taken by way of the provision of notional drawings and in accordance with the Partnership Agreement. No bonus or incentive scheme exists, thereby reflecting the firm's low/cautious risk appetite. The only discretion that can be exercised will relate to the level of profits to be taken by the Firm and this will be discussed and agreed in accordance with equity shareholding levels.

During the last financial year and as disclosed in the Firm's audited accounts, residual LLP profits were £249,421 of which £224,532 was taken as LLP drawings. LLP drawings are not defined (for the purposes of FCA rules) as remuneration. The only remuneration in scope of this policy and taken from the LLP prior to profits being calculated is £23,600pa (for this performance year) fixed remuneration referred to above for one of the partners additional compliance consulting services.

The Firm's remuneration policies and practices are gender neutral and do not discriminate on the basis of the protected characteristics of an individual in accordance with the Equality Act 2010. The Firm encourages equality, diversity and inclusion and eliminating unlawful discrimination. This extends to equality of pay.

Risk Takers

In the context of this policy, Midmar has defined risk takers as any individual partners of the Firm, or any individuals who hold a significant management function (SMF) or certification role under the FCA's Senior Managers and Certification Regime (SM&CR) but are not partners.

At the start of the performance year (1st April 2024), there were five such individuals (all SMFs) and by the end of the performance year, there remained five and all the same individuals as at the start of the performance year, comprising four SMFs and one certified person. All such persons will be provided with a copy of the current year's Remuneration Policy.

The five individuals at the end of the performance year (31 March 2025) were:

- Kevin Gallacher (SMF27/Certified for client dealing)

- Gillian Gallacher (SMF27)
- Emma Jones (SMF16)
- Agata Mackay (SMF17)
- Hari Selvam (Certified for client dealing)

Taking into account guidance at SYSC 19G.5, it excludes any managers or staff of the Firm's ARs, as no direct remuneration link exists between the Principal Firm and individual AR staff.

Risk takers as at the end of the performance year receive the updated policy annually and are required to sign adherence. If appointed during the performance year, any new risk takers will be forwarded a copy for information of the most recent disclosure statement although this is also available on the firm's website at any time.

Governance

Due to the nature and size of the organisation, the Firm is not required to have nor does it operate an independent Remuneration Committee, and any remuneration decisions are taken by the LLP Board.

Remuneration Risk

The Firm has a documented risk management process which includes quarterly reviews and discussion of the Firm's risk register by all SMFs. The Firm also carries out an Internal Capital and Risk Assessment (ICARA) process at least annually, which forms the basis of its risk management policy and which reflects material risks identified in the Firm's risk register. The ICARA process includes assessing the risk and potential harms to the Firm's capital adequacy including market risk and liquidity risk and having a contingency funding policy, which could include for example increasing the partners' minimum capital requirement or taking reduced profits. There has been no material change in the Firm's financial arrangements during the review period and no change to remuneration arrangements.

The Partners monitor the level of the Firm's capital adequacy including any potential risk to liquidity on an ongoing basis and use Xero, an online accounting package, to facilitate that. Otherwise, staff costs are covered by way of a fixed fee arrangement with Gem Compliance for outsourced compliance resources and therefore can be predicated at least annually in advance.

Midmar is a small, self-contained business unit and all partners are experienced members of the financial services industry. As remuneration is taken from profits rather than income, all partners' remuneration is directly aligned with ensuring that the Firm is profitable in the short and long-term including maximising the value of any partnership share should the partnership be dissolved.

Conflicts of interest

Remuneration taken from the Firm is in accordance with the Partnership Agreement, which is documented and sets out the terms and conditions including conflicts of interest provisions. The Firm does not operate any bonus or incentive scheme for any staff. Partners' remuneration is taken by way of the provision of notional drawings and otherwise based on profits of the Firm thereby reducing the likelihood of short-term conflicts of interest. Long term interests will include maximising the overall value of the firm should the partnership be dissolved.

Due to the nature and size of the organisation, there are no specific business units in the Firm. The Compliance Officer is not directly involved in the Firm's investment management activities but is involved in associated areas including for example the oversight of the Firm's ARs.

There are no variable remuneration arrangements linked to future income, investment performance or profits of the Firm; therefore, risk alignment effects are not considered necessary. Regardless, all risk takers undertake not to put in place any personal hedging strategies in relation to the remuneration of the Firm by adhering to this policy.

Reviewed by the LLP Board – 14 November 2025

Contact Details

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