



**ExodusPoint Capital Management UK, LLP**

## **MIFIDPRU 8 DISCLOSURE**

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**Risk Management Objectives & Policies**

**Governance**

**Own Funds**

**Own Funds Requirements**

**Remuneration Policy and Practices**

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As of 31/12/2024

## 1. Overview and Summary

ExodusPoint Capital Management UK, LLP (the “**Firm**”) is authorised and regulated by the Financial Conduct Authority (“**FCA**”) and is within the scope of the UK Markets in Financial Instruments Directive. The Firm has produced this disclosure document in compliance with the prudential requirements of the Investment Firms Prudential Regime contained in the MIFIDPRU Prudential sourcebook (“**MIFIDPRU**”) hereafter (the “**MIFIDPRU Disclosure**”).

For the purposes of MIFIDPRU, the Firm has been classified as a non-small non-interconnected (“**non-SNI**”) firm as at 31<sup>st</sup> December 2024. This MIFIDPRU Disclosure has been prepared based on audited financials covering the period 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024.

The Firm provides delegated investment management to ExodusPoint Capital Management, LP (the “**US Investment Manager**”) and its affiliates which manage the assets of several private investment funds and related trading vehicles and feeder funds (together, the “**Fund**”).

ExodusPoint Services UK, Ltd is a member of the Firm and, together with the Firm forms an investment firm group. The Firm made an application to the FCA to apply the group capital test, removing the requirement for prudential consolidation.

The Firm is a member of the wider international ExodusPoint group (the “**Group**”). The Firm does not provide services to retail clients, does not have trading book exposure and does not have regulatory permission to hold client money or assets.

## 2. Significant Changes since the last disclosure period

There are no material changes since the 2023 MIFIDPRU disclosure; headcount and financial figures have been updated to reflect the relevant reporting period.

## 3. Governance Arrangements

The Firm, as a MIFIDPRU Investment Firm, is subject to the organisational requirements in 4.3A.1R of the Senior Management Arrangements, Systems and Controls Sourcebook of the FCA Handbook (“**SYSC**”). SYSC 4.3A.1R requires the Firm’s management body to define, oversee and be accountable for the implementation of governance arrangements that ensure effective and prudent management of the Firm. The Firm’s management body pursuant to SYSC 4.3A.1R is its executive committee which is comprised of the Firm’s current members (the “**Executive Committee**”).

The Executive Committee meets at least quarterly, and is responsible for ensuring the effective and practical implementation and management of the business. This includes, but is not limited to, instilling a culture of compliance, setting strategy and policy, implementing risk strategy and managing conflicts of interest. Although the Executive Committee has overall responsibility for strategic management and control of the activities of the Firm, it delegates day-to-day responsibility to the Firm’s Senior Management Team (defined below) and various sub-committees.

Certain individuals within the Firm are approved as Senior Managers by the FCA, under the Senior Managers and Certification Regime (“**SMCR**”). These individuals perform key roles within the governance framework, known as senior management functions (“**SMFs**”) including for example, the Chief Executive (SMF1) and Compliance Oversight (SMF16).

The Firm’s senior management team is made up of the Firm’s SMFs and its General Counsel (together the “**Senior Management Team**”).

The Senior Management Team is supported by various sub-committees which feed into the governance process as appropriate. The Group has also formed a number of global committees to provide robust controls over the risk management of the business, with local representation by the Firm's Senior Management (where relevant) to ensure appropriate governance. The Firm is well placed to receive regular reporting and management information on its operations, specifically reporting and escalation of any compliance, financial, legal and risk matters through its local governance arrangements and representation on global committees.

The Firm has formed the following local committees which are responsible for assisting with its management and oversight responsibilities:

- **UK Executive Committee:** the governing body of the Firm, responsible for the overall governance, business and management of the Firm.
- **UK Operating Committee:** responsible for overseeing the day-to-day operations of the Firm.
- **UK Remuneration Committee<sup>1</sup>:** responsible for ensuring the remuneration policies and practices of the Firm comply with applicable regulatory rules.
- **UK Nominations Committee<sup>1</sup>:** responsible for reviewing and approving potential partners of the Firm.
- **UK Conduct Committee:** responsible for ensuring that all current or prospective employees remain fit and proper to perform their role at the Firm and throughout their employment.
- **UK Best Execution Committee:** assist with the ongoing monitoring of the Firm's obligation to achieve best execution.

It is noted that the Firm currently qualifies for an exclusion under MIFIDPRU 7.1.3R and 7.1.4R to establish an individual risk committee.

The Senior Management Team reports at least quarterly (and more frequently if necessary) to the Executive Committee on all matters for which the Executive Committee remains responsible in its oversight and escalation capacity.

#### **a. External Directorships**

In accordance with MIFIDPRU 8.3.1R(2), the Firm can confirm that none of the members of the Executive Committee holds any external directorship appointments (executive or non-executive).

In making such assessment, the Firm has excluded:

- directorships in an organisation which do not pursue predominantly a commercial objective (e.g. charities, management of a building freehold);
- directorships held across Group entities;
- directorships in undertakings in which the Firm holds a qualifying holding.

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<sup>1</sup> Whilst the Firm is not required to establish a Remuneration Committee or a Nomination Committee pursuant to MIFIDPRU 7.1.3R and 7.1.4R, the Firm has chosen to do this on a voluntary basis.

## **b. Promoting Diversity and Inclusion**

The Firm's commitment to promoting a diverse and inclusive culture is set out in a Group Diversity and Inclusion Policy ("**D&I Policy**"). The D&I Policy is supported at the highest levels within the Firm and Group and informed by a goal to attract and retain the best and brightest talent while creating a sense of belonging and inclusion across all employees. The appointments on the Executive Committee are made on the basis of merit and responsibilities within the Firm taking into account the benefits of representation across a broad range of views, experience, skills, backgrounds and values.

## **4. Risk Management Objectives and Policies**

Responsibility for the Firm's overall risk framework sits with the Executive Committee, and is overseen on a day-to-day basis by its Senior Management Team. The risk management process focuses on the risks posed to the Firm and is distinct from market risk which refers to the potential for asset pricing uncertainty and Fund losses due to fluctuations in market-driven factors. Market risk is overseen by the Group's risk team.

The Firm manages its business in a risk averse manner reflecting its low risk appetite. The Firm has clearly documented policies and procedures, which are designed to minimise risks to the Firm, its clients and the wider market. All staff are required to confirm that they have read and understood the Firm's policies and procedures.

The Firm undertakes an internal capital and risk assessment ("**ICARA**") process at least annually or when the business strategy or risks materially change. The ICARA process seeks to identify and manage the Firm's key risks on an ongoing basis. The ICARA includes an assessment of potential harms which considers the following:

- potential risks which could affect the Firm (including business, reputational, cyber security, financial crime, legal and regulatory risks);
- assessment of the likelihood of occurrence and the extent of damage if each risk were to occur;
- existing systems and controls to prevent or mitigate these risks; and
- residual risk remaining and additional resources (e.g. capital or liquid assets) required to be set aside to cover these risks.

The robust internal controls are designed to protect the Firm against potential harms and to alert and notify the Senior Management Team of any emergent risks or incidents.

The Executive Committee receives regular updates regarding risk and the Firm's capital adequacy and liquid asset requirements.

## **a. Own Funds Requirements – MIFIDPRU 4**

The Firm is required to hold a level of own funds that reflects its operating costs, operational risks and the cost of any potential harms that might be incurred. The own funds requirement under MIFIDPRU 4 requires the Firm to maintain own funds equal to the highest of its (i) fixed overheads requirement ("**FOR**") as set out in MIFIDPRU 4.5, (ii) the applicable K-factor requirements as set out in MIFIDPRU 4.6, and (iii) any additional own funds requirements and the Firm's minimum permanent capital requirement as set out in MIFIDPRU 4.4.

The Firm has assessed its operational, business and reputational risks through its ICARA process. This includes an assessment of potential harms that could impact the business and an analysis of the potential damage, mitigation and residual risk, as well as considering the own funds required to wind down the Firm's business. The ICARA process quantifies any additional own funds that the Firm is required to hold.

The Firm's own funds requirement is, for the period under review, driven by its FOR as set out in section 6 below. The Senior Management Team and the Executive Committee receive regular updates from the Firm's finance team regarding the Firm's FOR.

#### **b. Concentration Risk – MIFIDPRU 5**

The Firm does not conduct any trading on its own account, nor does it operate a trading book. It therefore does not have any trading counterparty concentration risk.

The Firm receives all of its revenue from Group companies, and therefore whilst it has a concentration risk in its source of earnings, this risk has been assessed as immaterial given the intra-group nature of the business relationships.

The Firm also considers concentration risk in relation to its holdings of cash and cash equivalents to be at an acceptable level. The Firm's cash balances (and equivalent) are separate from its affiliates and kept with a banking institution with a high credit rating with whom the Group has a strong and well-established relationship.

#### **c. Liquidity – MIFIDPRU 6**

The Firm is required to maintain a minimum level of liquidity at all times to comply with the liquid asset threshold requirement under MIFIDPRU 7. This takes into account the basic liquid assets requirement (based on 1/3 FOR for the Firm) under MIFIDPRU 6.2.1R and any additional liquid asset requirements as identified through the ICARA process.

The Senior Management Team and the Executive Committee receive regular updates from the Firm's finance team on the Firm's liquid asset requirements, and ensure that there is always a sufficient liquidity buffer in excess of the required level.

### **5. Own Funds**

Below is a reconciliation of the Firm's own funds in line with the MIFIDPRU 8 Annex 1 template. Figures are provided as at 31<sup>st</sup> December 2024.

| <b>Composition of regulatory own funds</b> |                                     |                                       |                                                                                                                               |
|--------------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
|                                            | <b>Item</b>                         | <b>Amount<br/>(GBP<br/>thousands)</b> | <b>Source based on<br/>reference<br/>numbers/letters of the<br/>balance sheet in the<br/>audited financial<br/>statements</b> |
| <b>1</b>                                   | <b>OWN FUNDS</b>                    | <b>7,490</b>                          |                                                                                                                               |
| <b>2</b>                                   | <b>TIER 1 CAPITAL</b>               | <b>7,490</b>                          |                                                                                                                               |
| <b>3</b>                                   | <b>COMMON EQUITY TIER 1 CAPITAL</b> | <b>7,490</b>                          |                                                                                                                               |

|           |                                                                       |          |                                 |       |
|-----------|-----------------------------------------------------------------------|----------|---------------------------------|-------|
| 4         | Fully paid up capital instruments                                     | 7,490    | Members' Interests <sup>2</sup> | Other |
| 5         | Share premium                                                         |          |                                 |       |
| 6         | Retained earnings                                                     |          |                                 |       |
| 7         | Accumulated other comprehensive income                                |          |                                 |       |
| 8         | Other reserves                                                        |          |                                 |       |
| 9         | Adjustments to CET1 due to prudential filters                         |          |                                 |       |
| 10        | Other funds                                                           |          |                                 |       |
| 11        | (-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1                         |          |                                 |       |
| 19        | CET1: Other capital elements, deductions and adjustments              |          |                                 |       |
| <b>20</b> | <b>ADDITIONAL TIER 1 CAPITAL</b>                                      | <b>0</b> |                                 |       |
| 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 |          |                                 |       |
| <b>25</b> | <b>TIER 2 CAPITAL</b>                                                 | <b>0</b> |                                 |       |
| 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: reconciliation of regulatory own funds to balance sheet in the audited financial statements                 |                          |                                                                              |                                         |                                |
|------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------------------------------------------------------|-----------------------------------------|--------------------------------|
|                                                                                                                        |                          | a                                                                            | b                                       | c                              |
|                                                                                                                        |                          | Balance sheet as in published / audited financial statements (GBP thousands) | Under regulatory scope of consolidation | Cross-reference to table above |
|                                                                                                                        |                          | As at period end                                                             | As at period end                        |                                |
| <b>Assets</b> - Breakdown by asset classes according to the balance sheet in the audited financial statements          |                          |                                                                              |                                         |                                |
| 1                                                                                                                      | Fixed Assets             | 2,620                                                                        |                                         |                                |
| 2                                                                                                                      | Debtors                  | 199,316                                                                      |                                         |                                |
| 3                                                                                                                      | Cash at bank and in hand | 84,463                                                                       |                                         |                                |
|                                                                                                                        | <b>Total Assets</b>      | <b>283,779</b>                                                               |                                         |                                |
| <b>Liabilities</b> - Breakdown by liability classes according to the balance sheet in the audited financial statements |                          |                                                                              |                                         |                                |
| 1                                                                                                                      | Creditors                | 172,861                                                                      |                                         |                                |
|                                                                                                                        | <b>Total Liabilities</b> | <b>172,861</b>                                                               |                                         |                                |
| <b>Net Assets Attributable to Members</b>                                                                              |                          |                                                                              |                                         |                                |

<sup>2</sup> CET1 capital excludes non-controlling interest which do not form part of 'own funds' for regulatory capital purposes.

|   |                                                 |                |  |                                                    |
|---|-------------------------------------------------|----------------|--|----------------------------------------------------|
| 1 | Members' Capital classified as Equity           | 7,640          |  | 4 – Fully paid up capital instruments <sup>3</sup> |
| 2 | Other reserves classified as Equity             | 105,898        |  | N/A                                                |
|   | <b>Total Net Assets Attributable to Members</b> | <b>113,538</b> |  |                                                    |

The Firm's own funds are made up of members' capital in accordance with MIFIDPRU 3.3.17R. Where such capital constitutes own funds it is non-convertible, and subject to restrictions on withdrawal pursuant to the limited liability partnership agreement.

The Firm has the same accounting and regulatory scope of consolidation so makes no distinction between column (a) and (b).

## 6. Own Fund Requirements

The Firm calculates its own funds requirements as a non-SNI firm in compliance with the rules and requirements set out in MIFIDPRU 4.3.

The Firm's ICARA process, which is reviewed and updated annually, determines its net wind-down requirements and any additional own fund requirements to fund its ongoing operations, to the extent that additional own funds are required these factor into the final determination of own funds requirement .

| Item                                                 | Amount<br>(GBP Thousands) |
|------------------------------------------------------|---------------------------|
| Permanent minimum capital requirement (MiFIDPRU 4.4) | 75                        |
| Fixed overhead requirement (MIFIDPRU 4.5)            | 5,659                     |
| K-AUM (MIFIDPRU 4.7)                                 | 472                       |

The Firm's own funds threshold requirement is £5,659K derived from the FOR.

## 7. Remuneration Policy and Practices

### a. Approach to remuneration and governance

The Firm is subject to the "basic" MIFIDPRU requirements in respect of all MIFIDPRU staff and the "standard", but not the "extended" requirements in respect of its MIFIDPRU material-risk takers ("MRTs").

<sup>3</sup> When calculating the Members' Capital classified as Equity, we have excluded contributions made by members with non-controlling interest as such contributions do not form part of the Firm's 'own funds' for regulatory capital purposes.

The Firm's remuneration policy and practices (together "**Remuneration Practices**") have been developed to ensure they are appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and activities of the Firm. The policy applies to all staff on a firm-wide basis; with certain elements applying exclusively to the Firm's MRTs. The Firm's compensation period runs to a calendar year and as such for 2024 ran from 1<sup>st</sup> January 2024 – 31<sup>st</sup> December 2024.

The policy has been adopted by the Firm and the Executive Committee has overall responsibility for overseeing its implementation. The Executive Committee has delegated authority to the Remuneration Committee<sup>2</sup> to manage and oversee certain aspects of the Firm's Remuneration Practices.

The Firm's core principles that guide the Firm's Remuneration Practices are to ensure that such Remuneration Practices:

- promote sound and effective risk management;
- take into consideration the need to avoid conflicts of interest;
- are proportionate to the nature scale and complexity of the risks inherent in the firms business model;
- are aligned with the business strategy objectives and long-term interests of the Firm; and
- do not affect the Firm's ability to ensure a sound capital base.

The main objectives of the Remuneration Practices are to attract and retain talent, reward individual and corporate performance and ensure alignment with appropriate risk and compliance standards.

#### **b. Material Risk Takers identification**

For the purposes of the MIFIDPRU Remuneration Code, the Firm's MRTs include the members of its Executive Committee, the members of the Senior Management Team, and the individuals meeting the criteria listed in SYSC 19G.5.3R.

The Firm assesses on a regular basis which of its staff are MRTs. Over the course of the performance year 2024, twenty-four (24) individuals were identified as MRTs in accordance with the MIFIDPRU Remuneration Code.

#### **c. Components of Remuneration**

##### Components

The Firm's total compensation approach comprises fixed and variable remuneration which includes:

| <b>Fixed Remuneration</b>                                          | <b>Variable Remuneration</b>                                                         |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Salary                                                             | Performance-based bonus                                                              |
| Benefits including pension contributions and private medical cover | Guaranteed variable remuneration, retention awards, buy-out awards and severance pay |

<sup>2</sup> Whilst the Firm is not required to establish a Remuneration Committee pursuant to MIFIDPRU 7.1.3R and 7.1.4R, the Firm has chosen to do so on a voluntary basis. The Remuneration Committee comprises of certain members of the Executive Committee.

All staff are eligible to receive variable remuneration. Variable remuneration is awarded on a discretionary basis for the majority of staff members and, in the case of some members of the investment team, based on a pre-agreed formula linked predominantly to the performance of such individual's portfolio. In determining an individual's total compensation (fixed and variable), the Firm pays due regard to setting an appropriate balance between both components, including the possibility of paying zero variable compensation in certain circumstances and takes into account the ratio set by the Firm between the variable component and the fixed component of the total remuneration in accordance with SYSC 19G.4.5R.

#### Financial and non-financial performance criteria

The determination of an award of variable compensation is based on financial criteria as well as non-financial criteria. In general terms, financial criteria includes, amongst other things, an assessment of the Group's overall performance, the Firm's contribution to the Group's performance and the individual's performance both in terms of their business unit, and the overall contribution to these key measures. Non-financial performance criteria include the individual's compliance with the Firm's policies and procedures including, but not limited to, risk guidelines and compliance policies.

#### Risk adjustment

The Firm bases the allocation of variable remuneration by considering current and future risks and the cost of the capital and liquidity required. Additionally, awards of variable remuneration to MRTs consider performance on a longer-term basis; taking into account the business cycle of the Firm and the specific business risks each presents. To protect against these risks, the Firm applies a three-year clawback period with regards to the payment of variable remuneration to MRTs in accordance with the MIFIDPRU requirements. Such clawback mechanism may be used, by way of example, where an MRT's conduct has resulted in significant loss – financial or otherwise – for the Firm, or an MRT has failed to maintain the expected standard of conduct.

Guaranteed variable remuneration, retention awards, severance pay and buy-outs, and non-guaranteed variable remuneration for non-investment staff above a certain threshold, are generally subject to contractual clawbacks. The Firm does not currently operate a deferred remuneration plan as it is not subject to the "extended" remuneration requirements.

#### Guaranteed variable remuneration

The Firm may from time to time award guaranteed variable remuneration to compensate new staff members where they have lost the opportunity to receive variable remuneration by leaving their previous employer or to further incentivise an individual to join the Firm.

If a new employee or member joins the Firm as an MRT, the Firm will always comply with the requirements set forth in SYSC 19G.6.8R in relation to any award of guaranteed variable remuneration to such new MRT.

#### Severance pay

Any severance payment is generally made at the Firm's absolute discretion and is designed in a way that reflects the individuals performance during their time at the Firm and does not reward failure or misconduct. In determining the amount of any severance payment, the Firm has regard to the individual facts and circumstances (e.g. length of service, reasons for the termination of employment, etc) whilst complying with any contractual terms and seeking to minimize costs. Severance payments

to MRTs are made on the same terms as other payment of variable remuneration, including the potential for clawback.

**d. Quantitative Disclosure**

The tables below provide an overview of the following:

- aggregate total remuneration paid by the Firm to staff identified MRTs; and
- aggregate total remuneration paid by the Firm to its entire staff.

| (GBP thousands)       | Senior Management | Other MRTs | Other Staff | Total – All Staff |
|-----------------------|-------------------|------------|-------------|-------------------|
| Fixed remuneration    | 1,052             | 2,967      | 14,441      | 18,460            |
| Variable remuneration | 6,723             | 91,879     | 87,002      | 185,604           |
| Total remuneration    | 7,775             | 94,846     | 101,443     | 204,064           |

With regard to the quantitative disclosures relating to guaranteed variable remuneration and severance payments, the Firm has availed itself of the exemptions in MIFIDPRU 8.6.8R (7) to prevent the individual identification of any individual MRTs at the Firm. The total amount of guaranteed variable remuneration awards made during the financial year was £7,964K and related to three MRTs. The highest severance payment award to an MRT was £56K.

**Disclaimer:** *This disclosure document has been prepared solely for the purpose of fulfilling the Firm's regulatory requirements. Effort is made to ensure the accuracy of any information provided but no assurances or warranties are given as to its accuracy or completeness. The Firm does not accept any responsibility for errors of fact or opinion. The Firm has expressed its own views in these disclosures and they may change.*