Annual MIFIDPRU 8 Disclosure Report 31 August 2023

1 Overview

The following disclosures are made in accordance with the Financial Conduct Authority Prudential Sourcebook for Investment Firms Chapter 8 ("MIFIDPRU 8") for Allia C&C Ltd (formerly City & Continental Ltd) ("Allia C&C" or the "Firm"), a Non-SNI (small and non-interconnected) MIFIDPRU investment firm with head office at Cheyne House, Crown Court, 62-63 Cheapside, London EC2V 6AX. FCA Reference number: 765603.

As a non-SNI (small and non-interconnected) MIFIDPRU investment firm, the 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 the Firm has no trading book assets.

The Firm does not take principal risk: it acts on either a purely agency or matched principal basis; there is no proprietary trading, no capital is exposed and no client assets are held on its balance sheet.

These disclosures are based on the fiscal year ending 31 August 2023. The information provided herein will be updated no less than once a year.

Certain information has been omitted from the report if, in the opinion of the management of the Firm, 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.

1.1 Allia C&C Limited

Allia C&C is a fixed income broker and debt capital markets adviser.

It is a subsidiary of Allia Ltd ("Allia") a Co-operative and Community Benefit Society (No. 28861R) and recognised by HMRC as a charity (No. XR29468) with a head office: Allia Future Business Centre, King's Hedges Road, Cambridge CB4 2HY.

Allia acquired a majority of the share capital of the Firm in 2019 to expand the range of services it provides to its client base. As at 31 August 2023, two former proprietors remain significant minority shareholders with the remaining shares held by the directors and staff.

The Firm aims to build the responsible investment market and help commercial and not for profit borrowers grow while delivering more, positive social and environmental impact. Any profits it remits to Allia are used to support its charitable objectives and fund projects addressing issues like homelessness, aging and enterprise building.

2 Risk Management Approach

While the Firm is of insufficient size to require a risk committee under MIFIDPRU 7.3.1R, risk management is fundamental to its operations and the Board has responsibility to determine its risk appetite and for establishment and maintenance of an appropriate risk management framework which is updated at least once annually.

The Firm identifies and categorises types of risk by likelihood and impact. The Firm maintains a Risk Register which is updated on a regular basis and is reviewed at least once a year.

2.1 Material Risks

2.1.1 Liquidity Risk

Liquidity risk is the risk that the Firm is unable to generate sufficient cash or other liquid assets in a timely and cost-effective manner to meet its commitments as they become due. The Firm monitors its liquid assets on a daily basis and reports them to the management committee on a fortnightly basis. It has several systems, policies and processes in place to monitor and manage regulatory capital requirements, working capital needs and cash flows to help provide a sufficient buffer against liquidity risk.

Given the nature of the Firm's business, the Company does not run liquidity mismatches. Financial liabilities are on the whole short term and the Company maintains sufficient cash resources to cover its immediate liabilities.

2.1.2 Operational Risk – Settlement

The Firm trades on behalf of clients and itself through Pershing Securities Ltd ("Pershing"), a division of BNY Mellon Corporation which had a senior unsecured credit rating of A1/A/AA- (as at 31st August 2023). The Firm, therefore, has operating exposure in relation to the conduct of its business and a credit exposure in relation to any of its own funds held with Pershing.

2.1.3 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss. The Firm is exposed to credit risk from its operating activities (failure of counterparties to meet contractual obligations, though in relation to broking this is significantly mitigated by settling through Pershing) and from deposits with banks and investments of its own funds.

Credit risk exposure arising from the placement of deposits and investment is mitigated through the placement of working capital funds with banks with high credit ratings or in UK Government Bonds, and an investment policy requiring the weekly monitoring of credit risk.

In addition, the Firm invests part of its surplus cash in a small portfolio of investments. This is monitored on a weekly basis and is discussed by a management investment committee consisting of the CEO, CFO and Head of Broking which meets at least monthly.

2.1.4 Concentration Risk

The firm monitors areas where it may be exposed to concentration risk via other risk policies such as its investment policy or approach to credit risk. In addition, it seeks to diversify its sources of income to avoid over reliance on either primary or secondary market activities or individual clients.

2.1.5 Market Risk

The Firm has no direct exposure to market risk on its balance sheet except in relation to its small investment portfolio. The Firm mitigates this risk by active monitoring and management of its investment portfolio, and by maintaining sufficient cash, capital and liquidity buffers to absorb short term losses.

2.1.6 Business Risk

Business risk is the risk that the Firm does not respond in an optimal manner to changing market conditions such that profitability is adversely affected. This risk can arise from both strategic decisions which fail to consider the current operating environment or can be influenced by external factors such as material changes in regulation, or legislation within the financial services sector. The firm's business model is reviewed on a frequent basis within the context of its risk appetite statement.

2.1.7 Regulatory Risk

The Firm's business is regulated by the FCA, and a breach of regulations could lead to a fine or disciplinary action against it. The Firm monitors actual and impending changes in regulation in order to assess the impact on its business and plans, to ensure any changes are implemented in a timely manner.

The firm has a dedicated Compliance function to provide advice and support the business in maintaining adherence to the regulatory requirements. Furthermore, monitoring is in place to ensure operational adherence to systems and controls implemented by the firm for regulatory purposes.

2.1.8 Reputational Risk

Reputational risk is the risk that an entity's ability to conduct business will be damaged as a result of its reputation being tarnished, including as a result of regulatory censure. The Firm has policies and procedures in place to manage this risk to the extent possible which include, inter alia, procedures for employee hiring, the taking on of new business and conduct of business rules. It also has policies and procedures to counter fraud and corruption.

2.1.9 Business Continuity

Business continuity risk is the risk that an internal or external event results in either failure or detriment to core business processes or services. The Firm has business continuity arrangements in place to ensure and maintain resilience where a disruptive event was to occur.

2.1.10 Data Security & Integrity

Data security & integrity risk is the risk of a lack of integrity, inappropriate access to (or disclosure of) client or company sensitive information. This can risk can arise from the Firm failing to maintain and keep secure at all times sensitive and confidential data through its operating infrastructure, including activities of employees and cyber threats. Information security and data privacy systems and controls have been put in place to manage and mitigate any exposure to this area of risk in accordance with regulatory requirements.

2.1.11 Human Resources Risk

This is the risk of loss of key staff, lack of skilled resources and inappropriate employee behaviour or actions. These could lead to lack of capacity or capability threatening the delivery of business objections or negative behaviours leading to complaints, regulatory action or litigation. Support is provided to the business through Allia's Human Resources department to ensure all potential people risks are mitigated. This includes undertaking annual appraisals and regular performance reviews.

2.1.12 Own Funds Risks

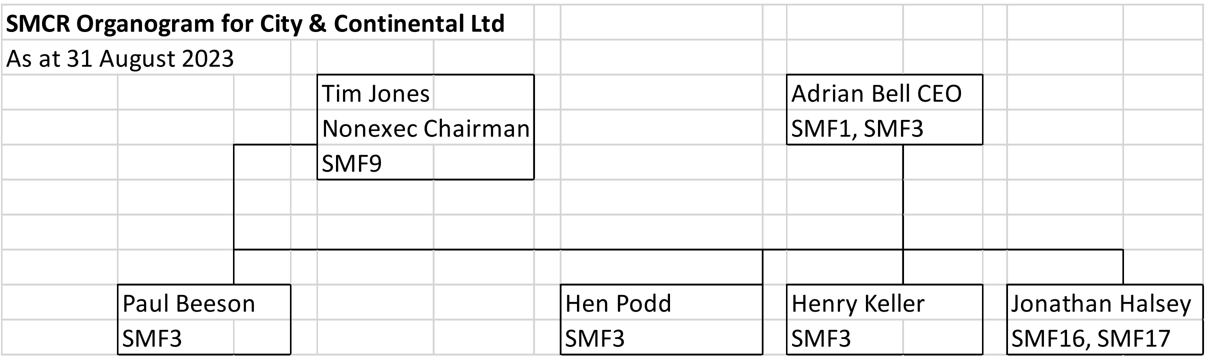
The level of own funds required to be held by the Firm is driven by material harms that might be incurred by it, its clients and the markets it operates in. Material own funds risk identified in the ICARA process include: Business Risk, Operational Risk, Concentration Risk, Credit Risk, Liquidity Risk, Market Risk and other risk described above.

The likelihood of a risk crystallising, the financial impact if it materialises and the systems and controls in place to mitigate these risks are reflected in the assessment of own funds requirements in the ICARA process. This determines the own funds necessary for ongoing business operations or to wind down the business in an orderly manner. This assessment is refreshed at least annually or where material changes require and review.

3 Governance Overview

3.1 Organisational Structure

The Firm has a simple organisational structure with appropriate lines of responsibility and effective processes to identify, manage, monitor and report on risks. See below organogram of Senior Managers.



3.2 Management and Board

The Firm is managed by its Management Committee of executive directors and senior managers responsible to the Board of Directors which meets fortnightly or more often as required. Reporting lines and segregation of responsibilities are defined within the organisational structure. The firm ensures that the members of the Management Committee and Board of Directors possess sufficient knowledge, skills and experience to perform their duties as well as a sound understanding of the Firm's activities and main risks.

The Management Committee consists of:
CEO
CFO
Five senior executives
Compliance Officer
Company Secretary and COO.

The 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 and risk profile and in any case at least annually.

The Board meets at least quarterly and as at 31 August 2023 was made up of:

Non- executive Chair
CEO
CFO
Two other Executive Directors
Two Independent Non- executive Directors - additional Director was appointed on 1st September 2023 resulting in three Independent Non-executive Directors.

3.3 External directorships

The table below shows the directors of the Allia C&C Board along with the number of external directorships (excluding directorships with non-commercial objectives and companies in the Allia Group) held by each person at 31 August 2023:

SMF/Role	Name	Number of directorship (executive and non-executive)
SMF 9 Nonexecutive Chairman	Tim Jones	4
SMF 1, SMF 3 CEO	Adrian Bell	2
SMF 3 Finance Director	Paul Beeson	0
SMF 3 Executive Director	Henry Keller	1
SMF 3 Executive Director	Henrietta Podd	1
NED	Robert Gray	3
NED	Stephen Edlmann	1

3.4 Committee structure

The firm has two separately constituted standing Board Committees: The Audit and Risk Committees and the Nomination and Remuneration Committee.

The Audit and Risk Committee (ARC) operates 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.

ARC is chaired by an independent non-executive director and has two other non-executives as directors. It meets quarterly and can invite the CFO to attend as an observer as appropriate.

ARC is responsible for:

- Risk Management
- Financial Reporting
- Appointment and remuneration of external auditor
- Review of the content of the annual report and accounts

The Firm's Nomination and Remuneration Committee ("RemCo") is accountable for the oversight and implementation of the Remuneration Policy. The RemCo is chaired by an independent non-executive director and includes other two other non executive directors while it can invite members of the management team to attend as appropriate. It meets at least twice a year – or more often as required.

The RemCo governs the remuneration policy and checks that it complies with regulation and is consistent with the promotion of the Firm's effective risk management, its business objectives and values.

It is also responsible for:

- approving the general principles of remuneration plans and ensuring the balance of pay is in line with market;
- reviewing remuneration policy and controls to ensure they
    - do not encourage any risk-taking that exceeds the Company's tolerated level of risk, or
    - have other unintended detrimental consequences.

  It also takes into account various factors such as the firm's past and projected profits, and its capital and liquidity position.

- approves all compensation of Executive Directors 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.

The RemCo will also be involved in any decision to effect malus and clawback provisions to variable remuneration that might be proposed by the Firm in accordance with FCA regulation and internal policy.

3.5 Promoting Diversity

The firm is an equal opportunities employer. We recognise that adhering to our Equal Opportunities Policy, combined with relevant employment policies and practices, maximises the effective use of individuals in both the organisation's and employees' best interests.

We also recognise the great benefits of a diverse workforce with different backgrounds, and this also applies to the Board and senior management where we see the value of broad experience and new challenge that comes from a diversity.

4 Own Funds

Own funds – Composition of regulatory own funds at 31 August 2023:

	Item	**Amount (GBP thousands)**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**
1	**OWN FUNDS**	1,852	Sum of items below
2	**TIER 1 CAPITAL**	972	
3	**COMMON EQUITY TIER 1 CAPITAL**	972	
4	Fully paid up capital instruments	333	Note 11
5	Share premium	939	Balance sheet
6	Retained earnings	(223)	Balance sheet
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	(77)	Note 5
20	**ADDITIONAL TIER 1 CAPITAL**	-	
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	-	
25	**TIER 2 CAPITAL**	880	Note 10
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	**Under regulatory scope of consolidation**	**Cross- reference to template OF1**
		As at period end	**As at period end**	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Intangible assets	77		Item 19
2	Tangible assets	12		
3	Investments	750		
4	Stocks	150		
5	Debtors: amounts falling due within one year	1,052		
6	Cash at bank and in hand	463		
	Total Assets	2,504		
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
1	Creditors: amounts falling due within one year	575		
2	Creditors: amounts falling due after more than one year	880		
	Total Liabilities	1,455		
Shareholders' Equity				
1	Called up share capital	333		Item 4
2	Share premium account	939		Item 5
3	Profit and loss account	(223)		Item 6
	Total Shareholders' equity	1,049		

Own funds: main features of own instruments issued by the firm

The Firm's share capital consists of 333,001 ordinary shares at £1.00 each. The amount recognised in regulatory capital is £333k along with associated share premium of £939k, which are included in Own Funds requirement total.

5 Own Funds Requirements

The Firm is categorised by the FCA as a 'BIPRU firm: MiFID Activity restriction'. As a consequence of this, the minimum capital rules it must adhere to are that the regulatory capital the Firm must hold as a minimum is the higher of:

- £50,000 (as the Firm does not hold client money); or
- The K-factor requirement ('K-DTF'); or
- The fixed overheads requirement ('FOR') which is essentially one quarter of the firm's previous financial year's annual relevant expenditure after the distribution of profits.

Capital requirement summary	(£'000)
Requirements. Higher of:	
Base capital	190
K-factor	9
Fixed overhead requirement	592
Minimum capital requirement	**592**

K-factor additional information

K-DTF is calculated by taking the average value of daily trades multiplied by 0.10%.

K-factor requirements	(£'000)
Average daily trades	9,091
K-DTF	9
K-factor requirement	**9**

MIFIDPRU contains details on other K-factors which do not apply to Allia C&C.

Compliance with Overall Financial Adequacy Rule

The rule states that the Firm must, at all times, hold Own Funds and liquid assets which are adequate to make sure it 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 and if necessary, that its business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Each month, the management accounts provide a clear breakdown of the following:

(i) available own funds; and

(ii) available liquid assets.

These are compared with the Firm's assessment of its threshold requirements, as shown above.

6 Remuneration Policy Framework

The Firm is subject to the FCA Rules on remuneration as they apply to a Non-SNI MIFIDPRU investment firm. These are contained in the FCA's MIFIDPRU Remuneration Code located in SYSC19G of the FCA's Handbook.

The Firm's Remuneration Policy (the "Policy") is approved by RemCo and complies with MIFIDPRU regulatory requirements to promotes sound and effective risk management.

6.1 Remuneration Structure

The Firm distributes remuneration in cash to every staff member and employee including fixed as well as variable performance linked payment.

The majority of Firm's employees, both front and back office staff, are paid a fixed salary and are eligible for a discretionary bonus. Should a discretionary bonus be payable, it will be based on

- the Firm's overall profitability and the size of the bonus pool
- the contribution of the area where the employee works and
- the individual's own performance which will include conduct, compliance with internal rules and guidelines, demonstration of the corporate values of the Firm.

A bonus pool will only be declared after the financial year end after the Board is satisfied that there is sufficient headroom in the Firm's regulatory capital requirements and for investment in delivering its future strategy.

A small number of front office brokers work for the Firm, including two former proprietors, on a commission only basis. Variable pay under this arrangement is based on productivity of the broker through payment of a percentage of the revenue such broker, generated for the Firm. The intention in this scheme is to motivate and reward revenue generation. A broker's contract will detail the payment terms under this scheme. They are not eligible for any other variable remuneration.

As well as encouraging and rewarding those who contribute to its continued success, the Firm believes that no one should benefit from wrongdoing as also reflected by the FCA in its approach to remuneration in a regulated environment.

6.2 Annual Quantitative Remuneration Disclosure

Total remuneration of the firm's staff for the fiscal year ending 31 August 2023 was £1,006,056.

The Firm has identified 1 out of 17 staff as a Material Risk Taker ("MRT") paid variable remuneration under the criteria set out in the FCA's MIFIDPRU Remuneration Code.

The Company has relied upon the disclosure exemption permitted in MIFIDPRU 8.6.8R(7) on the basis that disclosure of fixed and variable remuneration would result in the disclosure of information about one or two people.