RAYMOND JAMES®

MIFIDPRU Disclosure for the Financial Year Ending 30 Sept 2022

Raymond James Financial International Limited

1. Background

Raymond James Financial International Limited ("Raymond James" or the "Firm") is a broker of transactions as an intermediary primarily in US equity securities, with a targeted base of Institutional clients only. The Firm's European corporate advisory practice advises companies during all phases of a corporate transaction, including setting of strategic and financial goals through to transaction closings. The Firm represents the interests of its clients with focused efforts in M&A – optimizing transaction terms to reflect clients' strategic and financial needs and additionally earns private placement fees for capital raising services provided to private fund sponsors. The Firm is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA"). The Firm is a wholly owned subsidiary of Raymond James Financial, Inc. ("RJF"), a diversified US-based financial services company.

The FCA introduced the Investment Firms Prudential Regime ("IFPR") on 1 January 2022 which replaced the previous prudential rules under the CRR/D and IFPRU and aimed to introduce a more proportionate and tailored regime for UK investment firms. Under the IFPR, Raymond James is classified as a non-SNI (small non-interconnected) MIFIDPRU Investment Firm and is subject to the rules under the FCA's Prudential Sourcebook for MIFID Investment Firms ("MIFIDPRU") ("the Rules").

Under the Rules the Firm is required to publicly disclose certain aspects of its approach to governance, own funds and own funds requirement, risk management, financial adequacy, and remuneration. The requirements are set out in MIFIDPRU 8 (Disclosures) and MIFIDPRU TP 12 (Disclosure requirements: transitional provisions).

The aim of this document is to fulfil Raymond James's obligations in respect of these public disclosures for the financial year ended 30 September 2022.

2. Disclosure Policy

Raymond James will make disclosures under MIFIDPRU 8 on at least an annual basis, typically this will be as soon as practicable following the end of our financial year or alongside the publication of our Statutory Accounts, or more frequently should there be changes deemed material to the business. The disclosures are made available within the Raymond James Group's European Capital Markets Legal and Regulatory Disclosures website at the following address:

https://www.raymondjames.com/corporations-and-institutions-locations/euro-capital-markets/european-legal-and-regulatory-documents

The disclosures are provided to fulfil our regulatory requirements and are not subject to audit. Pursuant to the requirements in MIFIPRU 8.1.7R, RJFI is required to make disclosures on a solo-entity basis.

Under the Rules, the Firm may omit certain information from the disclosure, in specifically defined circumstances, where it believes that the disclosure contains information that is immaterial, proprietary, or confidential. **We confirm that we have not omitted any disclosures on these grounds.**

All figures in this document relate to the Firm's financial year end of 30th September 2022, unless stated otherwise.

3. Governance

3.1. Oversight Arrangements

The Firm's governance structure contains two strata of management – the Board of Directors (the "Board"), and the Operating Committee (the "Committee"), an executive committee made up of senior managers, each of whom is involved in the Firm's day-to-day activities. Raymond James' risk culture and its philosophy regarding risks are established by the Board of Directors. The Firm have adopted our parent company RJF's Corporate Risk Appetite statement, and seek to inculcate its conservative risk culture, consistent with its values of client first, conservatism, independence, and integrity.

In accordance with the requirements of MIFIDPRU 8.3.1R(2), the number of external directorships (i.e., outside of the Raymond James Group of companies) held by the members of the Board in organisations that pursue predominantly commercial objectives (MIFIDPRU 8.3.2R(1)) as of 30 September 2022 are listed below.

Name	Position	External Directorships (per MIFIDPRU 8.3.1R (2))	
		Executive	Non-Executive
Paul Allison	Chair and Non-Executive Director	1	0
John Carson	Non-Executive Director	0	0
James Bunn	Executive Director	0	0
Peter Moores	Director and CEO	0	0

The Board reviews the risk profile of the organization and ensures alignment with the Firm's and RJF's strategic plan. Additionally, the Board oversees the governance process, established by Senior Management and the Operating Committee including Group committees and working groups as appropriate, to provide the information and analyses necessary to ensure that the firm's risk profile aligns with the risk culture, philosophy and appetite of RJF.

The firm does not have a separate risk committee given its size and the scope of its activities. The Firm is not required to establish a risk committee in accordance with MIFIDPRU 7.3.1R as it falls below the thresholds for balance sheet measures and does not operate a trading book as per MIFIDPRU 7.1.4 R. However, as part of the Raymond James Group the Firm participates in the Group's Enterprise Risk Management programme and is subject to audit by the Group's Internal Audit function.

The Firm's activities are non-complex, and the Firm does not hold client money or assets. The Firm has permission to trade on its own account which is limited to matched principal business.

3.2. Our Approach to Diversity and Inclusion

Our core beliefs
Our firm's mission, values and vision – the core beliefs that define who we are – are entwined in diversity, equity and inclusion.

Our DEI mission
Building and maintaining a diverse workforce and creating an inclusive work environment – a place where everyone feels a sense of belonging – is a natural part of our people-first culture, unleashing the power of perspectives and unique talents.

Our DEI vision

To intentionally nurture an environment where everyone feels welcomed, respected, valued, heard and free to bring their best selves to work, in support of our firm's vision: to be a financial services firm as unique as the people we serve.

3.3. Risk Management Framework

The Board have ultimate responsibility for setting the business strategy and objectives of the Firm and the effective management of risk in pursuit of these objectives in order to reduce harms to clients, the market and the Firm itself.

The Board have delegated the day-to-day management of risk to the Operating Committee. The Committee accepts primary responsibility for Firm’s risk management including systems and controls and the Internal Capital Adequacy and Risk Assessment (ICARA) process.

The Firm operates a **Three Lines of Defence** model as part of the governance and risk management framework:

i. The First Line of defence consists of the business including senior managers and members of the Operating Committee. It is responsible for the day-to-day risk management with oversight of those ‘closest to their respective businesses’.
ii. Compliance and Risk Management functions forms the second line of defence which monitors the Firm’s adherence to applicable rules and regulations and facilitates the implementation of effective risk management practices.
iii. The third line of defence includes our Raymond James Group internal audit team and external firms who are engaged for independent periodic health checks and reviews.

Capital and liquidity positions are monitored by the Committee to establish adequacy of the firm’s financial resources, and appropriate management information is provided to the Board on a regular basis. The Board has set a prudent target for capital and liquidity coverage to be maintained above the regulatory minimums.

Other risk management information is collected, reviewed and, where appropriate, acted upon as part of our established internal procedures. The Committee regularly establishes and reviews key metrics relating to business performance and management of the Firm’s key risks.

4. Own funds

4.1. Composition of Own Funds

The Firm's regulatory capital resources as of Financial Year End, 30 September 2022, and a reconciliation to the balance sheet as per audited financial statements are laid out in the table below in accordance with MIDPRU 8.4.

	Item	Amount (£'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	28,913	Net Assets/Total equity shareholders' funds
2	**TIER 1 CAPITAL**	28,913	
3	**COMMON EQUITY TIER 1 CAPITAL**	28,913	
4	Fully paid-up capital instruments	25,243	Called-up share capital
5	Share premium	236	Share premium account
6	Retained earnings	8,550	Profit and loss account
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	5,116	Regulatory deductions from Goodwill and Other Intangibles, and Debtors for our UK corporate tax benefit

4.2. Reconciliation of Own Funds to Balance Sheet from the Audited Financial Statement

A reconciliation of the Own Funds as laid out in 4.1. to the Firm's balance sheet from the audited financial statements is laid out in the table below.

		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	Fixed Assets	195		
2	Goodwill and Other Intangibles	5,072		OF1 – template item 11
3	Debtors – amounts falling due within one year	15,872		OF1 – £44K related to template item 11
4	Cash at bank	52,037		
5	**Total Assets**	**73,176**		
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
1	Creditors – amounts falling due within one year	39,146		
2	**Total Liabilities**	**39,146**		
Shareholders' Equity				
1	Called-up share capital	25,243		OF1 – template item 4

		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	
2	Share premium account	236		OF1 – template item 5
3	Profit and loss account	8,550		OF1 – template item 6
4	**Total Shareholders' equity**	**34,029**		

The Firm's Tier 1 capital comprises ordinary shares, retained earnings and the Firm's share premium reserve. Regulatory adjustments refer to deductions of intangible assets relating to our goodwill and other intangibles resulting from acquisition of assets of Cebile Capital LLP, and to debtors for our UK corporate tax benefit. The retained earnings figure in the table above includes the audited figure as of 30 September 2022.

5. Own funds requirements

5.1. Breakdown of the Own Funds Requirement

The Firm's Own Funds Requirement (OFR) is calculated as the higher of the K-Factor Requirement (KFR), Fixed Overhead Requirement (FOR) and the Permanent Minimum Requirement (PMR). A breakdown of the OFR as of 30 September 2022 is given below in accordance with MIFIDPRU 8.5.

	Own Funds Requirement (OFR)	As of 30 September 2022 (£'000)
	K-Factor Requirement (KFR)	
	Sum of the K-AUM, K-CMH and K-ASA requirements	n/a
	Sum of the K-COH and K-DTF requirements	56
	Sum of the K-NPR, K-CMG, K-TCD and the K-CON requirements	720
	Total K-Factor Requirement	776
	Fixed Overhead Requirement (FOR)	5,480
	Permanent Minimum Requirement (PMR)	750
	OFR = higher of KFR, FOR and PMR	5,480

5.2. Approach to assessing the adequacy of own funds

The overall financial adequacy rule (OFAR) in MIDPRU 7.4.7R requires the Firm to assess the adequacy of its capital and liquid assets to ensure that it is able to remain financially viable during the economic cycle and mitigate potential material harms from its ongoing business and be able to wind down in an orderly manner.

The Firm undertakes the ICARA process to determine the amount of capital and liquidity needed to mitigate harms where these may not be adequately captured through the OFR and minimum liquidity requirements. This is done on an ongoing basis through the use of scenario testing, stress testing for severe but plausible events and wind down planning to determine financial resources required to adequately mitigate harms to clients, the market and the Firm itself. Capital and liquid resources are monitored on an ongoing basis against internal thresholds and regulatory requirements to ensure that the Firm remains compliant with the OFAR at all times. The Firm has been able to maintain regulatory capital and liquidity buffers in excess of its requirements at all times.

6. Remuneration Policies and Practices

In accordance with MIFIDPRU TP12.8R, this disclosure relates to the performance year 1 October 2021 to 30 September 2022 and is therefore based on the previous rules to which the Firm was subject under the IFPRU Remuneration Code as set out in SYSC 19A ("the Code"). As the Firm was considered a proportionality level 3 firm for the purpose of the Code, there are various proportionality exemptions within the Code and these have been used where appropriate to do so.

Given the size, nature, and lack of complexity of the Firm, it is not proportionate to establish a remuneration committee. It is the role of the Operating Committee, as the body responsible for the governance of the Firm, to incorporate the fundamental principles of the Code in its oversight function. Specifically, the Committee has assumed the responsibilities of revising as necessary the Firm's remuneration policies to ensure compliance with FCA rules and regulations. The Committee has determined that the Firm's compensation structure is consistent with and promotes effective risk management and conforms to the general principles of the Code.

Specifically, the Firm has established a remuneration framework that is designed to be market competitive and motivate employees to improve individual and business performance, retain key employees and align employee actions with the interests of shareholders. While compensation arrangements for associates vary depending on the role and responsibilities of the individual, the remuneration structure of key sales and agency trading desk associates during the period was commission-based. While this structure incentivises and rewards employees for increased business production, it also contains loss-sharing provisions for business generated that may result in losses for the Firm. Aligning the compensation scheme with both profits and losses motivates the employees to seek business with reputable, financially solvent clients which helps mitigate the Firm's exposure to counterparty risk.

The Board has reviewed and considered the requirements of the Code. The Compliance Department has drawn up a policy in this respect and the Board has adopted this and determined that the Firm is compliant with all aspects of the Code.

For the performance year ending 30 September 2022 Raymond James had 32 individuals classified as Code Staff. The total amount of remuneration paid to these individuals excluding those paid by the Raymond James Group entities was £27,869,000.

FY22	
Fixed remuneration	£4,958,000
Variable (of which deferred - £4.3M) remuneration	£22,911,000
Total remuneration	£27,869,000