

**MIFIDPRU Public Disclosure**

**Pareto Securities Limited**

**Date as at: June 2023**

**For the period: As of 31 December 2022**

## 1. Introduction

Pareto Securities Limited ("Pareto" or "the Firm") is an investment firm authorised and regulated by the Financial Conduct Authority ("FCA") as a MIFID Investment Firm (FRN: 194126) since 2003. First as Ocean Equities Limited and later as Pareto Securities Limited following the acquisition of Ocean Equities by Pareto Securities AS in December 2013.

The Firm is 100 % owned by and part of the Pareto Securities AS Group ("PAS"). PAS is an independent investment firm under the supervision of the Financial Supervisory Authority of Norway. The focus of the Group is brokerage of equities and bonds, investment banking services, project finance and equity- and credit research. More information about the Group is available on the web: <https://paretosec.com/our-firm/compliance/>.

The Firm has a relatively non-complex business model and limited scope of permissions. For the purposes of MIFIDPRU, the Firm has been classified as a **small non-interconnected ("SNI") firm**. As such, the Firm is required by MIFIDPRU 8 to disclose information regarding its remuneration policy and practices.

As the Firm has not issued additional tier 1 instruments, it is not required to disclose any information in relation to the below areas:

- Risk management objectives and policies;
- Own funds; and
- Own funds requirements.

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm's culture and to assist stakeholders in making more informed decisions about their relationship with the Firm.

This disclosure document has been prepared based on the audited financials as at 31 December 2022, covering the financial period 1 January 2022 to 31 December 2022.

## 2. Remuneration Policy and Practices

### 2.1 Overview

As an SNI MIFIDPRU investment firm, Pareto is subject to the basic requirements of the MIFIDPRU Remuneration code. The purpose of the requirements on remuneration is to:

- Promote effective risk management in the long-term interests of the Firm and its clients.
- Ensure alignment between risk and individual reward.
- Support positive behaviours and healthy firm cultures; and
- Discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of Pareto's remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, Pareto recognises that remuneration is a key component in how the Firm attracts, motivates and retains quality staff and sustains consistently high levels of performance, productivity and results. As such, the Firm's remuneration philosophy is also grounded in the belief that its people are the most important asset and greatest competitive advantage.

Pareto is committed to excellence, teamwork, ethical behaviour and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, diligence, and results.

### 2.2 Characteristics of the remuneration policy and practices

Remuneration at Pareto is made up of fixed and variable remuneration components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. The variable component is paid on a discretionary basis and takes into consideration the Firm's performance and staff objectives. The amount

payable to staff is determined via their contribution to Pareto's performance over the relevant period and on achieving their individual performance objectives.

Overall financial performance of the Firm, as well as both financial (to the extent directly applicable) and non-financial criteria related to the performance of each staff member is used in assessing the level of variable remuneration to be awarded to individuals in all roles across the Firm. The non-financial criteria considered includes but is not limited to:

- Adherence to the FCA's Conduct Rules;
- Upholding company values;
- Work ethic and level of diligence applied to the role;
- Compliance with the Firm's and the group's policies and procedures;
- Where applicable, adherence to risk limits and the appropriate control of risk within the agreed framework.

The fixed and variable components of remuneration are appropriately balanced: the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. This allows for the possibility of paying no variable remuneration component, which the Firm may do should a need arise, such as where there is a risk that the Firm may not be able to meet its regulatory capital or liquidity requirements.

### **2.3 Governance and oversight**

Pareto does not have a separate remuneration committee. The responsibility for setting and overseeing the implementation of Pareto's remuneration policy and practices rests with the Board. To fulfill its responsibilities, the Board,

- Can exercise competent and independent judgment on remuneration policies and procedures.
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the remuneration policy and practices take into account the public interest and the long-term interests of shareholders and other stakeholders in the Firm; and
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values and interests of the Firm and of its clients.

Pareto's remuneration policy and practices are reviewed annually by the Board.

### **2.4 Quantitative Remuneration Disclosures**

For the financial year 31 December 2022, the total amount of remuneration awarded to all staff was £837,198 of which £510,908 comprised the fixed component of remuneration and £326,290 comprised the variable component. For these purposes, 'staff' is defined broadly, and includes, for example, employees of the Firm itself, Directors, employees of other entities in the group (if applicable), and any other relevant associated staff member.