Stifel Nicolaus Europe Limited

IFPR Disclosures

As at 31 December 2022

Contents

1. Overview

1.1. Background

From 1 January 2022, UK investment firms operating with permissions under the Markets in Financial Instruments Directive ("MiFID") are subject to the FCA's Investment Firms Prudential Regime ("IFPR"). The aim of the new regime is to streamline and simplify the prudential requirements for MiFID investment firms regulated by the FCA in the UK and replaces the existing prudential framework which was largely designed for credit institutions.

The IFPR introduces a requirement for firms to produce an IFPR Disclosure document, replacing the former Pillar 3 disclosure. These disclosures provide stakeholders and market participants with information on the governance arrangements, risk management objectives and policies, own funds, own funds requirements, and remuneration arrangements that an Investment Firm has in place.

The prudential rules and disclosure requirements imposed on MiFID Investment Firms under the IFPR are set out in the Prudential Sourcebook for MiFID Investment firms ("MIFIDPRU") in the FCA Handbook. These rules apply to Stifel Nicolaus Europe Limited ("SNEL" or "the Firm") as a FCA authorised and regulated MiFID investment firm.

1.2. Scope

These disclosures have been prepared in accordance with the requirements of the disclosure rules set out in MIFIDPRU 8.

Under the IFPR, the Firm meets the definition of a non-small and non-interconnected ("non-SNI") firm, and in line with the provisions outlined in MIFIDPRU 8, these disclosures have been produced on an individual basis.

1.3. Frequency of Disclosure

Disclosures are made at least annually, or, if appropriate, more frequently in the event of, for example, a major change to the business model.

The Firm has an accounting reference date of 31 December, and these disclosures have been prepared as of 31 December 2022.

This report is published on the Firm's website: http://www.stifel.com/institutional/StifelEurope

1.4. Verification

These disclosures have been approved by the SNEL Board.

The disclosures in this document are not subject to external audit; however, some of the information contained within the disclosures also appears in the Firm's Annual Report and Financial Statements.

1.5. Corporate Background

The principal activity of the Firm is to provide institutional broking and investment banking services. The activities encompass institutional sales and trading in fixed income and equity securities, equity research, and investment banking services covering both debt and equity capital markets. Other activities of the Firm include acting as an introducing broker to UK institutional investors primarily for North American equities. The Firm has its headquarters in the United Kingdom.

The Firm has 100% owned subsidiary undertakings in Germany (Stifel Europe Bank AG) and Switzerland (Stifel Schweiz SA) through which it conducts its activities in mainland Europe.

SNEL's immediate parent company is Stifel Europe Holdings Limited (SEHL), a company incorporated in England and Wales. The immediate parent company of SEHL and SNEL's ultimate parent undertaking is Stifel Financial Corp. (SF).

SF is a full-service wealth management and investment banking firm, established in 1890 and based in St. Louis, Missouri. The Company provides securities brokerage, investment banking, trading, investment advisory, and related financial services through its wholly owned subsidiaries to individual investors, professional money managers, businesses, and municipalities.

2. Governance Arrangements

2.1. Governance Structure

The Board of Directors (the SNEL Board) has overall responsibility for the management of the Firm and meets at least quarterly. As part of this role, the SNEL Board approves and oversees the implementation of the Firm's strategic objectives, risk management, and internal governance. The SNEL Board monitors and oversees the Firm's operations, ensuring competent and prudent management, sound planning, proper procedures for the maintenance of adequate accounting and other records and systems of internal control, and for compliance with statutory and regulatory obligations.

The SNEL Board includes members based in both the UK and U.S., with the U.S.-based Chairman also functioning in a key senior management position at SF. This relationship ensures there is strong coordination with Stifel's U.S. business activities and strategy.

The SNEL Board's responsibilities includes the establishment of the Firm's strategy and setting of the Firm's risk appetite. SNEL has set a low appetite for exposure to risk with the aim of achieving the strategic goal of being the UK's leading middle-market investment bank, whilst maintaining prudent levels of regulatory capital and liquidity cover.

The Board has three sub-committees all of whose members are current Board members, being the Board Risk Committee ("BRC"), the Remuneration Committee, and the Nomination Committee.

2.2. Directorships

Each member of the SNEL Board held one directorship as of 31 December 2022. In accordance with MIFDPRU 8.3.2R, directorships in organisations which do not pursue predominantly commercial objectives are not included, and counted directorships held within the SF group as a single directorship.

2.3. Board Recruitment and Diversity

SNEL recognises that our employees are the most valuable asset we have, and as we continue to grow our business, we remain fully committed to fostering, cultivating, and maintaining a culture of diversity, equity, and inclusion.

The Nomination Committee supports the SNEL Board with the oversight of the composition of the SNEL Board, senior executive succession, and corporate governance. The Nomination Committee reviews the size, structure, and composition of the SNEL Board and the Firm's diversity policy and makes recommendations to the SNEL Board with regard to any changes.

The current and future needs of the business including equality and diversity are considered as part of the Firm's recruitment process. Board and committee membership and succession planning draw upon a range of criteria, including relevant skills and expertise, suitability for the role, and relevant knowledge, with the objective of achieving a balanced approach to challenge and decision-making.

SNEL continues to participate in the Women in Finance Charter, a commitment by HM Treasury and signatory firms to work together to build a more balanced and fair industry. The Women in Finance Charter is focused on gender diversity, and with that in mind, we aim to develop the actions and initiatives that improve diversity, but which also create a truly inclusive workplace culture, where opportunities for development and progression are accessible to all and respect is embedded in all our interactions. Currently, SNEL uses the Women in Finance Charter as the basis for its Diversity Policy. The objective of the policy, as per the 2023 submission, is to maintain a 25% representation of people who identify as female on the Board. In order to meet this objective, through policies and mandatory training, SNEL focuses on creating an inclusive firm to help foster a positive and consistent culture and to celebrate diversity of thought. This places a strong emphasis on making all women and employees feel welcome and that they can bring their whole selves to work. The Firm's gender pay gap reports, prepared in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, are also published annually on the Firm's website.

3. Risk Management Objective and Policies

3.1. Risk Management Framework

The foundations of SNEL's risk management framework is based on a three lines of defence model (see 3.2). The model defines the risk roles and responsibilities for the firm, particularly in identifying, assessing, monitoring, and reporting risks and harms. The three lines are layered throughout the organisation to strengthen the risk framework.

3.2. Three Lines of Defence Model

The Firm operates a "three lines of defence" governance model which sets out clear roles and responsibilities for risk management, risk oversight, and independent assurance activities.

The first line of defence presents the roles of the business units and infrastructure teams where they have an explicit and implicit accountability to identify, assess, monitor, mitigate, or escalate, as necessary, risks and harms in their area of work.

The second line of defence is the independent oversight and monitoring undertaken by the Risk and Compliance functions.

The third line of defence provides independent assurance on the effectiveness of governance, risk management, and controls.

3.3. Committee Oversight

The SNEL Board has overall responsibility for the effectiveness of the Firm's risk management process. The BRC is directly accountable to the Board and provides independent oversight and advice to the Board on current risk exposures and future risk strategy of the Firm. The BRC is chaired by a Non-Executive Director.

The BRC promotes a risk awareness culture across the firm, alongside established policies and procedures.

The Risk Management Committee (RMC), a sub-committee of the BRC, has day-to-day responsibility for monitoring, reporting, and managing the risks of the business.

3.4. Risk Appetite Framework

The risk appetite statement sets out the level of risk the Firm is willing to take or retain in pursuit of its business strategy. The SNEL Board has agreed on a set of risk appetite statements which define the boundaries in which risk-informed decisions can be made and the expectations of the control environment.

The Firm considers all breaches of risk targets, tolerances, and limits to be potentially out of risk appetite. The second line of defence reviews, analyses, and reports breaches on a monthly basis, escalating any significant breaches or emerging trends to the RMC, BRC, and the SNEL Board so that timely action can be taken. Risk appetite can be continually reviewed and compared against changing business conditions, actual and projected revenues, and prevailing macroeconomic conditions.

3.5. Principal Risks Management

The Firm's risk management approach and the processes which SNEL utilises for the reduction of the potential for harm arising from the Firm's material risks are set out further below.

3.5.1 Market Risk

Market risk represents the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates, and credit spreads will affect the Firm's income or the value of its holdings of financial instruments.

SNEL is subject to market risk through its principal trading activities. To enable management of these activities, the Firm uses a variety of risk management techniques, including active ongoing hedging of position risks and limit setting.

Beyond the aforementioned principal trading, the Firm has limited direct market risk in its equities and fixed income trading businesses, as it acts on behalf of clients on a matched principal or an agency basis. In the event of a default by a trading counterparty, the Firm may be exposed to market risk if it is required to purchase or sell financial instruments in the open market to satisfy obligations to other clients or counterparties.

3.5.2 Credit Risk

The Company is routinely exposed to credit risk as a result of debt and equity securities that are traded and settled in a principal capacity, balances that are maintained with banks, brokers, and other counterparties, receivable balances from investment banking clients, and other relationships that are entered into in the normal course of business. In the event counterparties do not fulfil their obligations under these relationships, the Company may be exposed to a financial loss. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. The Company manages this risk by imposing and monitoring position limits for counterparties, monitoring trading counterparties, conducting regular credit reviews of financial counterparties and clients, reviewing security concentrations, and as far as possible, conducting business through clearing organisations which guarantee performance. All clients are subject to know-your-client (KYC) and anti-money laundering (AML) procedures before trading with the Firm.

3.5.3 Operational Risk

Operational risk generally refers to the risk of loss resulting from inadequate or failed internal processes, including, but not limited to, improper or unauthorised execution and processing of transactions, deficiencies in technology or financial operating systems, and inadequacies or breaches in control processes. This risk includes risks arising from Human Resources (loss of personnel), IT, legal and compliance, and regulatory.

Such events may also bring reputational risk, which can have longer-term financial consequences. These risks are less direct than market and credit risk, but managing them is critical, particularly in a rapidly changing environment with increasing transaction volumes.

The Company manages operational risk through continual assessment, reporting, and monitoring of potential operational risks. These risks are monitored by various corporate administration functions with oversight by the risk function, management, and the board. Certain business processes are outsourced to third-party vendors in order to optimise business efficiencies and operational risk levels. The Company has a Conduct Policy that is supported by senior management and implemented through a strong legal and compliance framework.

The Risk Management team has a dedicated Operational Risk Manager in place who works closely with senior management and the operational risk representatives across all areas. A detailed review is performed on all operational risk events and reported and discussed at SNEL Operational Risk Working Group meetings, as indeed is the case with all Key Risk Indicator (KRI) tolerance breaches. In addition, a Risk Control Self-Assessment (RCSA) programme is run annually. If appropriate, any matters are also escalated to the RMC, BRC, SNEL Board, and the Operational Risk Committee of SF.

3.5.4 Cyber Risk

Cyber risk can arise from the failure of core business processes undertaken within the firm or by one of the Company's third-party service providers and may result in (a) risk of outages and connectivity failings and/or (b) cyber-attacks and data loss. Together with Stifel Financial Corp., we follow best practice in cyber security and have continued to invest in cyber security systems, software, and processes in order to prevent and detect vulnerabilities.

We have implemented appropriate policies, procedures, and controls to protect the confidentiality, integrity, and availability of our information, assets, and data. Stifel information security practices include, but are not limited to, multiple layers of preventative and detective security controls, data classification and encryption, access controls to support the principle of least privilege, physical and environment security controls, data backup and replication, formal security patch management procedures and change control standards, and a trained Incident Response Team. Additionally, all Stifel employees are required to complete periodic information security training.

Stifel has adopted the National Institute of Standards and Technology (NIST) Cyber Security Framework (CSF). The NIST CSF is comprehensive guidance intended to provide information security assurance. Additionally, Stifel has adopted the CIS 20 Security Controls. These have been mapped to the NIST CSF.

3.6. Own Funds, Concentration Risk, and Liquidity Requirements

The Firm assesses its exposures to risks and its own funds and liquidity assessment under the Board-approved Internal Capital Adequacy and Risk Assessment (ICARA). The ICARA is a continuous process and is designed to ensure that the firm is in compliance with the Overall Financial Adequacy Requirement (OFAR) to mitigate the risk of potential material harms that it may have to its clients, wider markets, and the firm itself.

Own funds
SNEL continuously maintains adequate regulatory capital resources, as defined by the FCA. In order to ensure that SNEL meets these requirements, the Firm's objective is to maintain a conservative capital excess over minimum regulatory capital requirements. Calculations of capital adequacy, including own funds and requirements, are performed daily. Capital levels are reviewed and discussed at meetings of the Board and other management committees.

Concentration risk
Concentration risk arises from the strength or extent of a firm's relationships with, or direct exposure to, a single client or a group of connected clients, whose likelihood of default is driven by common underlying factors, e.g., sector, economy, geographical location, or instrument type. This would increase the Firm's exposure to counterparty risk.

Cash deposit exposures to credit institutions are typically the largest concentration risk, and the Firm has daily monitoring in place to monitor this.

Concentration Risk in the Market Risk Portfolio is controlled via the limit framework. Limits are allocated by business-line and by strategy. Issuer concentrations are limited by the position limit framework for equities and convertibles bonds.

Liquidity

Liquidity risk is defined as the risk of only being able to meet liquidity commitments at increased cost or, ultimately, being unable to meet obligations as they fall due. SNEL holds its cash balances on very short maturities and has access to committed facilities and also to the liquidity resources of its parent Stifel Financial Corp.

SNEL monitors its liquidity position on a daily basis and computes the impact of various stress tests to determine how liquidity could be impacted under a range of different scenarios. The liquidity position is also monitored against regulatory requirements.

Own funds, concentration risk, and liquidity are monitored daily against risk appetite metrics to ensure that these remain within the prescribed internal and regulatory measures.

3.7. Board-Approved Statement and Approach to Assessing the Effectiveness of Risk Management Processes

The SNEL Board has overall responsibility for the effectiveness of the Firm's risk management processes. The SNEL Board recognises that, in pursuit of its business strategy objectives, the Firm's activities may cause potential harm to its clients, the market participants, and to the Firm itself. The potential harms are assessed and considered as part of the Firm's risk management process.

The SNEL Board considers that the risk management arrangements are appropriate for minimising the risk of harm and in line with the Firm's business strategy and risk profile. These elements are reviewed at least annually and, where appropriate, updated where there have been material changes to the business model or to reflect changing regulatory requirements.

4. Own Funds

4.1. Composition of Regulatory Own Funds

The Firm's own funds consist entirely of Common Equity Tier 1 (CET1) capital, which includes share capital, audited retained profits and losses from previous years, and other reserves; plus any regulatory adjustments. All share capital is in the form of £1 ordinary shares, allotted, called up, and fully paid.

The table below shows the composition of the Firms' own funds as of 31 December 2022;

OF1 - Composition of regulatory own funds as at 31 December 2022

	Item	Amount (£'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**115,598**	
2	**TIER 1 CAPITAL**	**115,598**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**115,598**	
4	Fully paid up capital instruments	170,007	Note 18
5	Share premium		
6	Retained earnings	(38,844)	Note 18
7	Accumulated other comprehensive income	(316)	Note 18
8	Other reserves	34,255	Note 18
9	Adjustments to CET1 due to prudential filters	(50)	Note 18
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(49,454)	Note 18

19	CET1: Other capital elements, deductions, and adjustments		
20	**ADDITIONAL TIER 1 CAPITAL**	**0**	
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**	**0**	
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		

4.2. Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

The table below shows a reconciliation of own funds in the balance sheet where assets and liabilities have been broken down by asset and liabilities classes respectively. The information in the table reflects the balance sheet in the audited financial statements as of 31 December2022.

OF2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements as at 31 December 2022

		a	b	c
		Balance sheet as in published/audited financial statements (£'000)	**Under regulators scope of consolidation**	**Cross-reference to template OF1**
		As at period end	**As at period**	
Assets – *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Goodwill	19,736		
2	Intangible assets	1,043		
3	Tangible assets	24,175		
4	Investments in subsidiaries	24,919		
5	Deferred tax asset	3,756		
6	Investments	18,275		
7	Debtors and other assets	121,840		
8	Cash at bank and in hand	97,354		
	Total Assets	**311,098**		
Liabilities – *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
1	Creditors: amounts falling due within one year	126,156		
2	Creditors: amounts falling due after more than one	19,840		
	Total Liabilities	**145,996**		
Shareholders' Equity				
1	Share capital	170,007		Item 4
2	Capital contributions	34,255		Item 8
3	Exchange differences	(316)		Item 7
4	Profit and loss account	(38,844)		Item 6
	Total Shareholders' equity	**165,102**		Item 9, 11

4.3. Main Features of Own Instruments Issued by the Firm

The table below provides information on the main features of the CET1 capital instrument issued by the Firm as of 31 December 2022.

OF03: Main features of own instruments issued	
Public or private placement	Private placement
Instrument type	Ordinary shares
Issuer	Stifel Financial Corp.
Regulatory classification	Common Equity Tier 1
Accounting classification	Shareholders' Equity
Amount recognised in regulatory capital (£'000)	170,007
Nominal amount of instrument (£'000)	170,007
Issue price	£1 per share
Perpetual or dated	Perpetual
Maturity date	No maturity

5. Own Fund Requirements

5.1. Own Fund Requirements

SNEL's own funds requirements is calculated in accordance with MIFIDPRU 4.3, being the highest of:

1. Its permanent minimum capital requirement (PMR) under MIFIDPRU 4.4;
2. Its fixed overheads requirement (FOR) under MIFIDPRU 4.5; or
3. Its K-factor requirement (KFR) under MIFIDPRU 4.6.

The table below shows the Firm's own funds requirement, K-factor requirement broken into three groupings, and the fixed overhead requirement as of 31 December 2022.

Own funds requirement	(£'000)
1 PMR	**750**
2 FOR	**24,905**
3 KFR, being the sum of (i), (ii), and (iii)	**8,343**
(i) Σ K-AUM, K-CMH, K-ASA	25
(ii) Σ K-COH and K-DTF	433
(iii) Σ K-NPR, K-CM, K-TCD, and K-CON	7,885
Own funds requirement (higher of 1,2, and 3)	**24,905**

The PMR for SNEL of £750k is a fixed requirement based on the Firm's regulated activities.

5.2. Approach to Assessing the Adequacy of Own Funds or Overall Financial Adequacy Rule (OFAR) Compliance

In accordance with the Overall Financial Adequacy Rule (OFAR) set out in MIFIDPRU 7.4.7R, SNEL must, at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

- The firm 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
- The firm business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The firm undertakes its own funds and liquidity assessment under the ICARA process in line with MIFIDPRU 7.5 to 7.7. The ICARA is an ongoing process that continuously ensures the adequacy of the Firm's financial resources. This process has been embedded within the Firm's risk management framework. It represents a primary governance tool to manage the Firm's risks and identify potential vulnerabilities. The ICARA also sets out the stress testing and scenario analysis which the firm undertakes for these risks and how the firm uses these to assess the amount of capital and liquidity required to sustain the business during periods of stress:

SNEL has a wind-down plan as part of the ICARA process, which sets out how the Firm would cease its regulated activities and achieve the cancellation of its permissions with minimal adverse impact on its clients, counterparties, or the wider markets.

The wind-down plan is also designed to identify and ensure the Firm has adequate financial and non-financial resources (e.g., capital, liquidity, knowledge, and human resources) to wind down in an orderly manner, especially under challenging circumstances and to minimise the harm caused by failure on clients and the wider market.

SNEL undertakes regular monitoring and reporting of its own funds and liquid asset positions against key capital and liquidity metrics to ensure compliance with the OFAR. Any triggers or breaches would be immediately escalated in line with the internal process.

6. Remuneration

6.1. Qualitative Disclosure

6.1.1 Introduction

The following remuneration disclosures are made in accordance with MIFIDPRU 8.6 Remuneration policy and practices. Under the MIFIDPRU Remuneration code, SNEL is subject to the 'extended remuneration' requirements and, therefore, this disclosure has been undertaken in line with the provisions for the 'Largest non-SNI firms.'

6.1.2 Governance

The Company has appointed a Remuneration Committee, which includes a senior manager from Stifel Financial Corp. ("SFC") (SNEL's parent), whose remit covers the supervision and oversight of the Company's remuneration and reward frameworks. This includes overall responsibility for the implementation of and compliance with the MIFIDPRU Remuneration Code.

6.1.3 Characteristics of Remuneration Policies and Practices

In the majority of cases, remuneration is made up of fixed and variable elements designed to reward performance and incentivize staff for the future. The overall package is intended to generally reflect market practice for any given role. The Firm's policy is that compensation should not be based entirely on revenue attributable to an individual and should also take into account the wider performance of the Firm.

6.1.4 Link Between Pay and Performance

Individual employee performance is measured in a number of ways, including against agreed objectives and assessment against a published competency and behavioral framework. These feed into the annual appraisal, providing a significant element of performance assessment.

The business operates a combination of fixed and variable remuneration, including fixed basic compensation, a discretionary bonus, and commission payments. The variable elements are subject to the Group's deferral policy.

SNEL operates a fair and transparent remuneration policy across all departments.

6.1.5 Basis of Remuneration

Fixed remuneration across the firm will reflect an employee's professional experience and organizational responsibility, as set out in the employee's job description and terms of employment. SNEL obtains reliable and up-to-date information about remuneration in other companies of comparable scale and complexity to help form decisions on fixed pay. Fixed remuneration includes base salary, benefits, and pension.

The Firm operates a discretionary bonus program, managed by the Remuneration Committee. The Firm may entirely at its discretion make a bonus award to an individual following the end of the financial year (currently, 1 January – 31 December annually). Discretionary bonuses are awarded for the purpose of both reward for past performance and future retention.

Bonus payments will be made, following a full review of both Firm and individual performance in the financial year for which the bonus award relates.

Any bonus paid to employees may be payable in a combination of cash, Stifel Financial Corp. restricted stock units ("RSUs"), and cash debentures. The proportion of bonus payments payable in cash versus deferred RSUs and debentures will be determined by the Stifel global compensation policy. See Note 6.1.9 for the Deferral policy.

As permitted under the FCA Remuneration Code, SNEL will consider, as a metric in rewarding performance, the results of a specific business unit or sector.

Some employee contracts allow for commission-based payments which are directly linked to an individual's production. The commission is also subject to a deferred percentage.

6.1.6 Material Risk Takers (MRTs)

In accordance with the categories set out in SYSC 19G.5 of the MIFIDPRU Remuneration Code, SNEL has identified Material Risk Takers ("MRTs") to comprise of employees whose professional activities have a material impact on the firm's risk profile.

Under the MIFIDPRU Remuneration Code, MRTs have been identified to include members of the SNEL Board, senior management within revenue-generating functions, senior management of control functions, and other key risk takers.

SNEL has a record of its MRTs, and where an individual is deemed to be an MRT, they will be notified by the Head of Compliance or Head of Human Resources and reasonable steps will be taken to ensure the individuals understand the implication of their status.

The Remuneration Committee sets a separate policy for the deferral calculation for the MRT's bonus payments. This is reviewed annually, and SNEL ensures the deferral rates and minimum vesting period are in line with guidance set under the MIFIDPRU Remuneration Code.

6.1.7 Ex-Ante/Ex-Post Risk Adjustment Framework

As per the remuneration policy, employees must be actively employed, not under notice of termination or have a live disciplinary, to be eligible to receive a bonus.

Under the normal rules of the scheme, there is no clawback in place for the cash element of a bonus. For employees whose bonus awards or commission are subject to deferral, the retention or forfeiture of the unvested awards is determined by the terms of the Stifel Wealth Accumulation Plan ("SWAP") and the Remuneration committee.

In exceptional circumstances, SNEL awards new joiners a sign-on bonus or guarantees an employee's first-year bonus. In these cases, 100% of the cash bonus is repayable if the employee is under notice of termination 12 months after the payment of the award.

6.1.8 Policies and Criteria Applied for Awards of Guaranteed Variable Remuneration and Severance Pay

In line with the MIFIDPRU Remuneration Code, non-standard forms of variable remuneration when awarded to MRTs are subject to malice and clawback provisions, deferral, payments in instruments, and retention policy requirements.

In some rare circumstances, the Firm may consider it necessary to provide guaranteed variable remuneration; however, in accordance with the Remuneration Code, it will only do so if:

- It is exceptional;
- It occurs in the context of hiring new Remuneration Code staff;
- The Firm has a sound and strong capital case; or
- It is limited to the first year of service.

SNEL does not operate a guaranteed or formulaic approach to severance pay outside of any statutory rates set by HM Revenue and Customs.

6.1.9 Deferral and Vesting Policy

The Deferred element of remuneration includes the use of RSUs and cash debentures. The terms of the RSU and Cash Debenture awards are governed by the Stifel Wealth Accumulation Plan (SWAP).

To safeguard SNEL, some employee bonus awards and commission payments are subject to deferrals. The Deferral policy's aim is to ensure that longer-term performance is considered, with forfeiture terms in place in appropriate circumstances.

The proportion of discretionary bonus payments payable in cash and deferred RSUs and Debentures will be determined by the Stifel Global compensation policy. The policy is reviewed every year and sets out the percentage of an employee's bonus to be deferred and the split between RSUs and Debentures. The level of deferral is determined by the individual's gross total compensation for the year. There is a separate policy for MRTs, set by the IFPR rules, determining the percentage and basis of their deferred bonus compensation.

Both the RSUs and Cash Debentures normally vest over a period of five years.

6.2. Quantitative Disclosure

The Firm identified 12 MRTs in accordance with SYSC 19G.5 for the financial year ended 31 December 2022.

Total remuneration awarded to MRTs and all staff.

£'000	Senior Management	Other MRTs	Other staff	Total
Fixed remuneration	844	1,524	49,217	51,585
Variable remuneration	777	2,397	44,909	48,082
Total remuneration	**1,621**	**3,920**	**94,126**	**99,667**

Total amount of guaranteed variable remuneration and severance pay awarded to MRTs.

£'000	Senior Management	Other MRTs	Total
Guaranteed variable remuneration awards			
Guaranteed variable remuneration awards made during financial year – Number of MRTs	5	7	12
Guaranteed variable remuneration awards made during financial year – Total amount (£000)	777	2,397	3,173

Severance payments			
Severance payments awarded made during the financial year – Number of MRTs	0	0	0
Severance payments awarded during the financial year – Total amount (£000)	0	0	0
The total amount of the highest severance payment awarded to an individual MRT (£000)	0	0	0

Breakdown of variable payments to Senior Management and other MRTs

£'000	Senior Management		Other MRTs	
	Deferred	Non-Deferred	Deferred	Non-Deferred
Cash	288	351	556	1,526
Shares	138		315	
Share-linked instruments	0	0	0	0
Other forms of remuneration	0	0	0	0
Total	**426**	**351**	**871**	**1,526**

The amount of deferred remuneration awarded to MRTs

£'000	Senior Management	Other MRTs	Total
Amount of deferred remuneration awarded for previous performance periods	**2,132**	**4,229**	**6,361**
of which: due to vest in the financial year in which the disclosure is made	395	824	1,219
of which: due to vest in subsequent years	1,737	3,405	5,142
Amount of deferred remuneration due to vest in the financial year in which the disclosure is made	**395**	**824**	**1,219**
of which: is or will be paid out	395	824	1,219
of which: the amount was due to vest but has been withheld as a result of performance adjustment	0	0	0