

# Naya Capital Management UK Limited

## MIFIDPRU 8 Disclosure

September 2023

### *Introduction*

The Financial Conduct Authority (“**FCA**” or “**regulator**”) in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“**MIFIDPRU**”) sets out the detailed prudential requirements that apply to Naya Capital Management UK Limited (“**Naya**” or the “**Firm**”). Chapter 8 of MIFIDPRU (“**MIFIDPRU 8**”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

Naya is classified under MIFIDPRU as a small and non-interconnected MIFIDPRU investment firm (“**SNI MIFIDPRU Investment Firm**”). As such, the Firm is required by MIFIDPRU 8 to disclose information regarding its remuneration policy and practices.

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 document has been prepared by Naya in accordance with the requirements of MIFIDPRU 8 and is verified by the Senior Management Group (“**SMG**”). Unless otherwise stated, all figures are as at the Firm’s financial year-end.

### *Remuneration Policy and Practices*

#### **Overview**

As an SNI MIFIDPRU Investment Firm, Naya is subject to the basic requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook (“**SYSC**”). The purpose of the remuneration requirements 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 Naya’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, Naya 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 provide its greatest competitive advantage.

Naya 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, attitude, and results.

### **Characteristics of the Firm's Remuneration Policy and Practices**

Remuneration at Naya is made up of fixed and variable components. All members of staff are paid a fixed salary commensurate with their role, experience and qualifications. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff and is benchmarked against industry standards. Variable remuneration is paid on a discretionary basis and takes into consideration the Firm's financial performance as well as the financial performance of each business unit, and the financial and non-financial performance of the individual in contributing to the Firm's success. The size of the bonus pool is entirely at the discretion of Naya's SMG and is determined by profits. If there are no profits, then it is likely that there will be no bonus pool. All staff members are eligible to receive variable remuneration.

The ultimate decision on variable remuneration to be awarded to staff members is made by the Firm considering its current profits and any future capital required to be put aside for expansion plans or for regulatory capital purposes on the basis of forecasts. The outcome of these considerations will then be used to determine a bonus pool to be distributed to staff members. The amount allocated to each individual will be based on their overall contribution to the Firm as a whole, is fully discretionary and the decision rests with the SMG. Any bonus pool will always be based on the profit of the Firm and not future income. The SMG will also consider the Firm's financial and capital position, taking into account any potential costs/capital strains which may occur over the coming year. The bonus pool is linked to the performance of the Firm as a whole and not individual trading performance. The key financial performance measures used to determine the total variable pay-out is the Firm's net profit/loss after all expenses have been paid and this will be supplemented by an assessment of other key performance measures and identified risks outlined within the Firm's Internal Capital Adequacy Risk Assessment ("**ICARA**").

Individual staff performance at Naya is determined using financial and non-financial criteria on a meritocratic basis which is gender neutral. Performance is based on a range of criteria on which each staff member, taking into account their role, is assessed. The performance of staff members is not based upon contribution to investment performance only; it also includes factors such as their adherence to the Firm's compliance policies and risk limits. Any violations of these policies will be

considered when determining variable remuneration and may have a negative impact on the amount of variable remuneration awarded.

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 would do in certain situations, such as where the Firm's profitability performance is constrained, or where there is a risk that the Firm may not be able to meet its capital or liquidity regulatory requirements.

### **Governance and Oversight**

The SMG is responsible for setting and overseeing the implementation of Naya's remuneration policy and practices. In order to fulfil its responsibilities, the SMG:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity.
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of shareholders, investors, and other stakeholders in the Firm.
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

Naya's remuneration policy and practices are reviewed annually by the SMG.

### **Quantitative Remuneration Disclosure**

For the financial year 1 January to 31 December 2022, the total amount of remuneration awarded to all staff was £24,012,275, of which £2,241,425 comprised the fixed component of remuneration, and £21,770,850 comprised the variable component. For these purposes, 'staff' is defined broadly, and includes, for example, employees of the Firm itself, its directors and secondees.