Y TREE®

central intelligence for money and life

MIFIDPRU 8 Annual Disclosure

31 December 2024

1. Overview

This is the annual disclosure for Y TREE Limited ("the Firm") in accordance with MIFIDPRU 8 and has been reviewed and approved by the Firm's Board of Directors ("the Board").

2. Risk Management Objectives and Policies

The Firm's risk management objectives and policies in respect of own funds requirements, concentration risk and liquidity are as follows:

Own funds requirements – the Firm seeks to effectively manage regulatory capital risk through methodical planning, dynamic forecasting, and the annual ICARA process. Own Funds (Common Equity Tier 1) are therefore monitored against the Fixed Overhead Requirement ("FOR"), which is calculated as the greater of one-quarter of fixed overheads, the K-Factor requirement, or the permanent minimum capital requirement.

Concentration risk – the Firm seeks to maintain a diversified client base, primarily focused on High-Net-Worth Individuals ("HNWIs"). To mitigate concentration risk, the Firm actively monitors its revenue and asset base to ensure it does not become overly reliant on a limited number of client relationships. This oversight is integrated into our broader risk management framework to maintain long-term business stability.

Liquidity – Liquidity risk is defined as the potential inability of the Firm to meet its financial obligations as they fall due. The firm seeks to manage this risk through the continuous monitoring of both forecast and actual cash outflows, ensuring that a robust liquidity buffer is maintained. This buffer is held in accordance with the minimum requirements and specific tolerances established within our Board-approved Risk Appetite Statements, providing a margin of safety above our operational needs

The Firm's wider risk methodology involves the systematic identification and assessment of risks in its business model. By effectively mitigating, managing, and monitoring these exposures, Y TREE has established a robust foundation that supports the delivery of our strategic objectives. As part of this process, risks are evaluated based on their potential impact across three critical dimensions:

- Risks to Client (RtC): Focuses on deficient advice leading to asset reduction, unforeseen tax liabilities, or technology failures preventing time-sensitive instructions.
- Risks to Firm (RtF): Arising from reputational damage, professional indemnity claims, or failure to maintain regulatory capital buffers.
- Risks to Market (RtM): Given Y TREE's current size, it does not represent a systemic risk to the UK financial market stability.

Risk appetite serves as the boundary for Y TREE's strategic activities, representing the level of exposure the Firm deems acceptable to meet its long-term objectives. Centred around a structured Risk Appetite Statement (RAS), this approach ensures that our risk-taking remains proportionate to our capital and liquidity strength. The Board maintains active oversight of this framework, reviewing and approving it at least annually to reflect any material changes in the Firm's business model and economic environment.

3. Governance Arrangements

3.1. Governance Framework

Overview and Board Responsibility

The Board has ultimate responsibility for the Firm's Governance and Risk Management Frameworks and for ensuring that the Firm maintains adequate financial and non-financial resources. The Board sets the "tone from the top," fostering a culture where governance and risk management is embedded into daily operations. The Board meets regularly to oversee the Firm's strategic direction, financial performance, and risk profile.

The Board has adopted a Governance Framework that empowers individuals within Y the Firm to act effectively and make key decisions in relation to the Firm's business and operations whilst ensuring consistent good business practice and corporate governance across all parts of the Firm's business and safeguarding its assets.

All the Firm's staff, contractors, advisers and senior management are required as part of the Governance Framework to:

- Understand their authorisation limits, as well as those of their direct reports; and
- Comply with the Governance Framework

The Board's responsibility in the Governance Framework includes:

- Determining strategy, goals and objectives and amendments to the Firm's Governance Framework.
- Determining risk appetite and amendments to the Firm's Risk Management Framework;
- Determining the constitution and terms of reference for its committees.
- Appointing and removing Directors, SMFs, Certified Persons and the Data Protection Officer.
- Approving financial statements and matters required to comply with the financial reporting provisions of Companies Act 2006;
- Determining annual budget.

The number of directorships held by members of the management body is monitored to ensure each director can commit sufficient time to their role at the Firm.

Unless the Board otherwise determines, all transactions entered into on behalf of the Firm must be at arm's length.

Risk Committee

To assist in the discharge of its responsibilities, the Board has established a risk committee that is chaired by a member of the senior leadership team and is responsible for the oversight of the Firm's risk management framework, including the review of risk appetite, the monitoring of the risk register, and the assessment of internal controls

4. Own Funds

4.1. OF 1 – Composition of Regulatory Own Funds

Below is a reconciliation of CET1 and deductions to present the Firm's own funds ("OF1") and Balance Sheet in the Audited Financial Statements as at 31 December 2024 for its investment business:

		Amount	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	7,322,386	
2	TIER 1 CAPITAL	7,322,386	
3	COMMON EQUITY TIER 1 CAPITAL	7,322,386	
4	Fully paid up capital instruments	90,029	(a)
5	Share premium	39,408,128	(b)
6	Retained earnings	(32,175,771)	(c)
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	(0)	
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. OF 2 – Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

		Balance sheet as in published/audited financial statements	Cross reference to template OF1
		As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1	Tangible assets	115,645	
2	Cash at bank and in hand	5,851,954	
3	Debtors	4,036,383	
4	Total assets	10,003,982	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Creditors	1,527,508	
2	Deferred tax liability	28,911	
3	Total liabilities	1,556,419	
Shareholders' Equity			
1	Called up share capital	90,029	(a)
2	Share premium account	39,408,128	(b)
3	Share option reserves	1,125,177	
4	Profit and loss account	(32,175,771)	(c)
5	Total shareholders' equity	8,447,563	

4.3. OF 3 – Main Features of Own Instruments Issued by the Firm

Capital instruments' main features template [(1)]	Common shares
Issuer	Y TREE Limited
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement	N/A
Governing law(s) of the instrument	English
Regulatory treatment	
Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo
Instrument type (types to be specified by each jurisdiction)	Common Equity Tier 1 as published in MIFIDPRU Article 3.3.1
Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	GBP 39.5m
Nominal amount of instrument	GBP 90,029
Issue price	100 per cent
Redemption price	100 per cent of Nominal amount
Accounting classification	Equity
Original date of issuance	25 August 2016
Perpetual or dated	Perpetual
Original maturity date	No maturity
Issuer call subject to prior supervisory approval	No
Optional call date, contingent call dates, and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons / dividends	
Fixed or floating dividend/coupon	N/A
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary

Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
Existence of step up or other incentive to redeem	No
Noncumulative or cumulative	Non cumulative
Convertible or non-convertible	Non-convertible
If convertible, conversion trigger (s)	N/A
If convertible, fully or partially	N/A
If convertible, conversion rate	N/A
If convertible, mandatory or optional conversion	N/A
If convertible, specify instrument type convertible into	N/A
If convertible, specify issuer of instrument it converts into	N/A
Write-down features	No
If write-down, write-down trigger (s)	N/A
If write-down, full or partial	N/A
If write-down, permanent or temporary	N/A
If temporary write-down, description of write-up mechanism	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
Non-compliant transitioned features	No
If yes, specify non-compliant features	N/A
[(1)] 'N/A' inserted if the question is not applicable	

5. Own Funds Requirements

5.1. Own Funds Requirement by Fixed Overhead Requirement and K-Factor Requirement (Investments)

The Firm's minimum own funds requirements, as at 31 December 2024, are illustrated below. The Firm has complied with its own funds requirement throughout the financial year.

	Amount
Fixed overhead requirement	3,511,670

K-AUM, K-CMH, K-ASA	567,912
K-COH, K-DTF	0
Total K-Factor requirement	567,912

Permanent minimum capital requirement	75,000

Own Funds Requirements	3,511,670

5.2. Overall Financial Adequacy Rule

The Firm must at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

a) 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

b) Its business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

This is known as the overall financial adequacy rule ("OFAR").

The Firm monitors its Own Funds resources in comparison to the Own Funds Threshold Requirement ("OFTR"). The OFTR is determined through the Internal Capital Adequacy and Risk Assessment ("ICARA") process. Firstly, an assessment is undertaken for ongoing operations, which incorporates an internal assessment of the potential harms associated with the activities represented by each of the K Factors, and then an assessment for all other potential harms identified. In addition, an assessment is undertaken for wind down, which incorporates an assessment of the cost and potential harms of a wind down compared to the Fixed Overheads Requirement. The assessment for ongoing operations, wind down, and the Firm's Permanent Minimum Requirement are compared, and the highest assessment determines the OFTR.

6. Remuneration

6.1. Governance Structure

The People Planning Group ("PPG") is responsible for the independent oversight of the Firm's remuneration policy. The PPG ensures that the Firm's compensation structure is consistent with the long-term interests of the Firm, its clients, and its strategic objectives.

The PPG determines the individual remuneration for members of the Management Committee and all employees identified as Material Risk Takers ("MRTs"). To ensure objectivity and manage conflicts of interest, no individual is solely responsible for any decisions regarding their own personal remuneration.

The committee's primary responsibilities include:

- Overseeing the design and implementation of the Remuneration Policy.
- Reviewing and approving individual salary levels and discretionary variable compensation.
- Ensuring that remuneration for control functions (Risk, Compliance, and Finance) is determined independently of the business areas they oversee.
- Reviewing the policy annually to ensure alignment with the FCA MIFIDPRU Remuneration Code.

The composition of the PPG as of 31 December 2024 was the Head of Finance, the CEO, the Executive Director with responsibility for Product, Technology and Data, and the Head of Talent. No external consultants were used.

6.2. Remuneration Strategy and Principles

The Firm's remuneration framework and the objectives of its financial incentives are designed to attract and retain high-calibre talent while promoting sound and effective risk management. The policy is guided by the following principles:

- Discouraging Excessive Risk-Taking: Remuneration is structured to ensure that employees are not incentivised to take risks that exceed the Firm's risk appetite.

- Promoting Positive Client Outcomes: Performance assessments include non-financial criteria, such as adherence to compliance protocols and the delivery of fair outcomes for clients.

- Gender Neutrality and Equality: In accordance with the Equality Act 2010, the Firm ensures that its remuneration practices are gender-neutral and based on merit, professional experience, and organisational responsibility.

6.3. Employees designation as ‘MRT’ for the purposes of the FCA Remuneration Code

For 2024, the firm had two classes of MRTs. One class includes individuals holding Senior Management Functions (“SMFs”), which by default are a type of MRT. In addition, as the Firm is a people and technology business at its core, the Chief Technology Officer and the two individuals who were charged with leading the Team responsible for service delivery, were designated as MRTs. MRTs were identified in accordance with the FCA Remuneration Code i.e. qualitative and quantitative criteria as set out in SYSC 19G.5.3R, focusing on those with significant influence over the Firm's strategic direction and risk management.

6.4. Components of Remuneration

The Firm has a firm-wide remuneration framework which would enable the Firm to strike the right balance between fixed and variable remuneration components to ensure the Firm’s cost base remains flexible. The financial and non-financial metrics used to evaluate these apply at every level of the business.

A) Fixed Remuneration Fixed remuneration consists of base salary and contractual benefits. It reflects the individual’s professional experience, role, and responsibility within the Firm. It is set at a level that is market-competitive and sufficient to allow for a "zero" variable award should the Firm’s performance or the individual’s conduct warrant it.

B) Variable Remuneration Variable remuneration is discretionary and awarded based on a combination of Firm-wide performance and individual performance. The Firm may award variable remuneration to employees as part of ongoing employment to reward exceptional performance or to reflect future contribution to the business.Variable remuneration is related to:

- Performance Assessment: All awards are determined following a review of both financial and non-financial metrics, including a "conduct gate" overseen by the Risk and Compliance function. This review, which applies at every level, considers the overall performance by the individual in their job role (e.g. individualised performance metrics) against their fulfilment risk and compliance obligations. It also takes account of any significant incident that calls into question their consistency with the firm’s approach to risk and compliance issues. For senior individuals, it takes into account their contribution to the firm’s risk culture.

- Share Options: Awarded with predefined vesting schedules to reflect expected future contribution to the business

- Guaranteed Variable Remuneration: Such awards (e.g., "sign-on" bonuses) are only made in exceptional circumstances for new hires, are limited to the first year of service, and are subject to the Firm maintaining a sound capital base.

Recoupment (Malus and Clawback)

The firm retains the right to reduce or cancel unvested awards (malus) or require repayment of paid awards (clawback) in specific circumstances, including:

- Conduct resulting in significant financial or reputational damage.

- Evidence of fraud, material error, or dishonesty.

- Material failures of risk management within the relevant business unit.

6.5. Quantitative Disclosures

Category	Number of Staff	Total Fixed Remuneration (£)	Total Variable Remuneration (£)	Total Remuneration (£)
Senior Management	4	£729,567.95	£9,852.18	£739,420.13
Other MRTs	3	£539,597.22	£133,899	£673,496.25
Other Staff	113	£7,459,678.78	£302,422.59	£7,762,101.37
Total	120	£8,728,843.95	£446,173.80	£9,175,017.75

During the financial year to 31 December 2024, save as set out above, there were no:

- variable or deferred remuneration awards; or
- severance payments

made or vested to any of its senior management or other material risk takers.

6.6. Governance and Management Body Objectives

The Board of Directors and the PPG hold primary responsibility for overseeing diversity and inclusion (D&I) at the Firm. The Firm, led by the four Executive Directors, believes that a diverse management body—incorporating a variety of skills, professional experiences, and backgrounds—is essential for robust decision-making and effective oversight. Furthermore, the diversity of the management body should be reflective of the wider staff composition.

Remuneration and performance practices are governed by the PPG, which ensures that all employee levels are set in compliance with statutory obligations related to equal pay and non-discrimination. The Firm's management body also provides oversight and scrutiny on the development of reporting systems and the management of workplace culture to ensure it encourages a safe and supportive environment for all team members.

The PPG consider the succession planning for the Board as well as receiving the executive succession plan for review and challenge. As part of this process, diversity is considered in respect of gender, ethnicity, ability, social background, and cognitive diversity.

6.7. Strategy and Measurable Progress

Y TREE's Executive Leadership is committed to fostering a diverse, respectful, and inclusive workplace as a core strategic value. To drive measurable progress and accountability, the Firm has implemented the following initiatives:

- Culture Monitoring and Feedback: Y TREE utilises annual surveys, exit interviews, and one-to-one conversations to continuously monitor workplace culture and address emerging issues.
- Annual Risk Assessments: The Firm conducts annual assessments of potential risks related to bullying or harassment, including sexual harassment, to minimize exposure within the workplace and from third parties.
- Training and Awareness: All team members undergo mandatory annual training on equality, diversity, and inclusion (EDI), anti-bullying, and harassment. Managers receive additional training to help them maintain a respectful workplace and manage third-party harassment.
- Talent Experience Oversight: The Talent Experience Team is responsible for developing D&I-related procedures and holding the business accountable for the application of these policies.

These principles apply on a company-wide basis and were adopted in 2024; at present they apply to all employees (including a majority of the Board), but were not tailored to Board Membership.

Y TREE operates under a zero-tolerance approach to any form of discrimination, bullying, harassment, or abuse. This commitment is demonstrated through several firm-wide policies and practices:

- Gender Neutrality: Y TREE uses gender-neutral criteria for setting and reviewing remuneration, ensuring that pay is based on merit, professional experience, and organisational responsibility.
- Legal Compliance: The Firm is fully committed to complying with the Equality Act 2010, protecting individuals from discrimination based on protected characteristics such as race, gender, disability, age, religion, and sexual orientation.
- Recruitment Fairness: Recruitment processes are designed to promote fair treatment, with judgments based on objectively assessed competencies to ensure equal opportunities for all candidates.
- Values Integration: DEI principles are integrated into the Firm's core values of Time, Togetherness, and Responsibility, which ensures that every voice is heard, respected and valued within the organisation.

6.8. Operational Accountability

Managers at Y TREE are held accountable for proactively creating a positive environment and taking immediate action to address any inappropriate behaviour. Any failure to adhere to these standards may result in consequences under the Senior Managers & Certification Regime (SMCR) and FCA Conduct Rules.

Appendix

I. Board Membership – the Firm's Directors

Director	Role	Biography	Number of Directorships (excluding Y TREE)
Stuart Cash	Co-founder Director CEO SMF1 SMF3 Member of: -Risk Committee -Treasury Management Committee -People Planning Group	Stuart Cash joined Y TREE as a co-founder, director and CEO on 18 May 2016. Prior to joining Y TREE, Stuart spent 22 years advising multinational companies and pension funds on corporate finance, investment strategy and risk management. Stuart started his career as a lawyer at Berwin Leighton, moved into corporate finance advice with S.G. Warburg, and led a number of businesses in London and New York while he was a Partner at Goldman Sachs. As a holder of the Senior Management Function SMF1, Stuart has responsibility for the Firm's performance of its obligations under the senior managers regime	1 External Directorship
Arik Peretz	Co-founder Director Head of Technology SMF3 Member of: -Risk Committee -Treasury Management Committee -People Planning Group -Product Governance Committee	Arik Peretz joined Y TREE as a co-founder and director on 14 August 2017. Arik started his career in software development at Checkpoint Software and from 2008 to 2015 was the Co-Founder and Chief Executive of a market-leading financial technology platform.	External Directorships -None

Johnnie Hampel	Co-founder Director Head New Client Relationships SMF3 Member of: -Risk Committee -Treasury Management Committee -Investment Committee	Johnnie Hampel joined Y TREE as a co-founder and director on 1 April 2019. Prior to joining Y TREE, Johnnie spent over 20 years advising sophisticated family offices, individuals and foundations on multi-asset class investing. Johnnie started his career with Slaughter and May where he spent five years as a corporate lawyer. He moved into finance in 1999, first with Goldman Sachs and then was one of the early Partners at Partners Capital.	External Directorships -None

Oliver Richards	Investor Director (Non-Executive)	Oliver Richards joined Y TREE as an investor director (Non Executive) on 18 January 2021. Oliver is a Partner at MMC Ventures (MMC). He specialises in fintech and insurtech investments and has a broad range of operational experience in originating, acquiring and leading technology businesses. Ollie is a member of MMC's Investment Committee and co-leads the investment team. Prior to joining MMC in 2018, he was part of the core team that grew Monitise from less than 100 to over 1,400 people in three years. He was formerly a venture partner with Blue Bear Capital where he worked on technology investments in the U.S., having started his career at Deloitte.	12 External Directorships