MIFIDPRU 8 DISCLOSURE

(Based on the audited financial statements as at 31 October 2022)

Introduction

Share In Ltd (the "**Firm**" or "**ShareIn**") is authorised and regulated in the UK by the Financial Conduct Authority (the "**FCA**"). The Firm has permissions to conduct Markets in Financial Instruments Directive ("**MiFID**") activities.

The provisions for public disclosure of the Firm's risk management objectives and policies, governance arrangements, own funds requirements and approach to remuneration are set out in MIFIDPRU 8. Under the Investment Firms Prudential Regime ("**IFPR**") and the MIFIDPRU section of the FCA Handbook, ShareIn is categorised as a non-small and non-interconnected ("**Non-SNI**") investment firm and this document has been produced in order to meet the MIFIDPRU 8 disclosure obligations as applicable to Non-SNI firms.

ShareIn does not fall within MIFIDPRU 7.1.4R as the relevant thresholds are not met. As such MIFIDPRU 8.7 (Investment Policy) does not apply to it.

This public disclosure has been prepared on an individual firm basis and is based on the audited financial statements as at 31 October 2022.

The Firm has not adopted the transitional provisions in MIFIDPRU TP12.

Governance Arrangements

The governing body of ShareIn is the Board of Directors (the "**Board**") which has the overall responsibility for the Firm and approves and oversees the implementation of ShareIn's strategic objectives, risk strategy and internal governance. The Board comprises two executive directors both of whom perform senior management functions ("**SMF**") under the Senior Managers and Certification Regime. The segregation of duties between these senior managers ensures the effective and prudent management of the Firm as well as the prevention of conflict of interest.

The Firm is not required to maintain remuneration, audit, or nomination committees and, given its nature, size and complexity, it does not consider it appropriate to do so.

The Firm is also not required to maintain a risk committee; however, the Firm appointed a Head of Risk during FY 2022 reporting to the Head of Compliance who has overall responsibility for ShareIn's risk framework.

Both executive directors are actively involved in the operation of the business on a day-to-day basis. The management of ShareIn consists of both executive directors, Head of Operations, Head of Risk and Head of Finance.

None of ShareIn's executive directors hold any other executive directorships.

ShareIn values the innovation and creativity that diversity of thought brings to the Firm and understands that diversity, equality and inclusion play a critical role in establishing strong governance and maintaining a healthy culture within the business. However, due to the size of the Firm, it did not implement a formal Equality, Diversity and Inclusion Policy.

Risk Management Objectives and Policies

The governing body for the risk framework within the Firm is the Board, with the support of the Compliance function. The Board is responsible for determining the Firm's business strategy and risk appetite, taking into account the risks that the Firm is likely to meet.

As discussed in the previous section, the Firm is not required to maintain a risk committee. However, the Firm has appointed a Head of Risk reporting to the Head of Compliance. The risk management function is carried out by the Compliance function and the Head of Risk, who is responsible for implementing the risk framework and ensuring on-going compliance with oversight from the Head of Compliance. It is supported by the Head of Compliance who supervises, monitors and reviews the activities caried out by the risk management function in respect of the Firm's activities.

The Firm's business consists of making arrangements with a view to investment and bringing about deals in investment and as such risk is an inherent part of it. ShareIn's Risk Management Framework incorporates an analysis of the impact of each material risk on the Firm, its clients and counterparties, and on the market, the probability of each risk occurring and the procedures in place for mitigation. The risk management function receives regular updates from the Head of Finance and Head of Risk on the various components of the Internal Capital Adequacy and Risk Assessment ("**ICARA**") process and provides periodic management information to the Firm's board, focusing on business and operational risk management issues, and including any notification that the Firm is likely to breach an early warning indicator regarding the Firm's own funds and liquid assets requirements under IFPR.

The Firm's business strategy reflects its low risk appetite towards conduct risk; prudential risk; reputational risk; legal, compliance and regulatory risk; financial crime risk; and data and cyber security risk. ShareIn operates a very simple business model and takes no market risk. It derives its revenue from recurring direct investment platform license fees, success fees on its direct investment platforms, appointed representative monthly income, IF ISA manager fees, and additional bespoke development time.

The Firm has applied a three-stage approach to dealing with material harms:

1) **Identification**: the Firm's business model was assessed to identify all material harms that could result from:
    a. the ongoing operation of the Firm's business; and
    b. the winding down of the Firm's business.

2) **Systems and controls**: the Firm considered each material harm identified and determined whether it is appropriately mitigated by the Firm's systems and controls.

3) **Additional own funds or liquid assets**: for those material harms which were not appropriately mitigated by the Firm's systems and controls, the Firm assessed whether it should hold additional own funds and/or liquid assets to mitigate the harm appropriately.

The Firm's assessment of harms is dynamic and forward-looking and seeks to take into account the potential for harms to evolve through the course of an economic cycle. In carrying out this process the Firm has referred specifically to the FCA guidance on identifying and assessing the risk of harm.

MIFIDPRU 4 (Own Funds) Risks

The level of own funds required to be held by the Firm reflects, amongst other factors, the potential harm that might be incurred by ShareIn, its clients, and the markets it operates in. Given the nature of ShareIn's business and operating model, the firm's subject matter experts and senior personnel have decided that the following risk scenarios have the potential to cause severe but plausible harms to clients and markets. :

- Harms from poor oversight of the Firm's Appointed Representatives (ARs);
- Harms from mis-selling of investments caused by inappropriate financial promotions;
- Harms from unidentified financial crime;
- Harms from failure to have resilient systems and controls with respect to client money;
- Harms from system outages causing disruption to customers; and
- Harms from loss of ISA tax wrapper were the Firm to lose ISA manager status as a result of a wind down.

The likelihood of a risk crystallising, the financial impact if it materialises, and the systems and controls in place to mitigate these are reflected in the assessment of the own funds and liquid assets. This assessment determines the minimum amount of own funds and liquid assets ShareIn must hold at all times. The analysis is refreshed as and when risks change, or new risks emerge from its business activities, and at least annually.

Liquidity Risk

This is the risk that ShareIn, although meeting the required level of own funds and liquid assets, either does not have sufficient resources available to meet its obligations when they fall due or can only secure them at an excessive cost.

When assessing potential harms that may result from insufficient liquidity in connection with its business, the firm has found that:

- 85% of the firm's own funds are held in cash;
- there are no legal or operational restrictions which could affect the firm's ability to convert the assets to cash;
- there are no currency conversion restrictions;
- there are no intra-day obligations that could affect the firm's ability to meet its payment and settlement obligations in a timely manner; and
- there are currently no requirements on the firm (whether or not they are legally binding) arising from any off-balance sheet arrangements.

Concentration Risk

According to MIFIDPRU 5.2.2G, the Firm is required to monitor and control all sources of concentration risk. In accordance with the FCA guidance, the Firm has identified the following three concentration risks and has put in place the control strategies discussed below.

1) **Client Money**: The risk that the client money held by the Firm is held with a narrow range of credit institutions, leaving it exposed if one or more of them becomes insolvent.
2) **Own cash**: The risk that the Firm's own cash is held with a narrow range of credit institutions, leaving it exposed if one or more of them becomes insolvent.
3) **Earnings:** The risk that the Firm's earnings are derived from a narrow range of clients.

ShareIn takes prudent care in its choice of bankers, but there is still some possibility that they will default. The current primary bank of choice that ShareIn uses is a UK Tier 1 bank, Bank of Scotland with Barclays Bank having been selected to provide the client money accounts. Credit Risk Ratings from recognised External Credit Assessment Institutions (ECAIs) are actively monitored as part of the annual Compliance Monitoring programme.

As part of its CASS requirements, ShareIn will confirm on an annual basis that the bank used to hold client money (Barclays Bank) is not in financial difficulty and has been performing in a satisfactory manner over the period in question.

Client earnings are reviewed regularly by the Board and are deemed to be well balanced across clients and revenue streams. The majority of ShareIn's revenue is derived from contracted fixed monthly fees and all client contracts are negotiated to include notice periods and/or termination fees that are commensurate with the size the contract.

The Firm's assessment in relation to each concentration risk is that, given its control strategies, it does not present a material risk to the Firm, its clients or the market.

Own Funds

As at the FYE on 31 October 2022, ShareIn complied with the relevant capital regulatory obligations as outlined in the IFPR.

Composition of regulatory own funds			
	Item	**Amount GBP ('000)**	**Source based on reference numbers of the balance sheet in the audited financial statements**
1	**OWN FUNDS**	1,098	
2	**TIER 1 CAPITAL**	1,098	
3	**COMMON EQUITY TIER 1 CAPITAL**		
4	Fully paid up capital instruments	15	Note 18
5	Share premium	1,149	Note 19

6	Retained earnings	62	Note 19
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	(129)	Note 12
19	CET1: Other capital elements, deductions and adjustments		
20	**ADDITIONAL TIER 1 CAPITAL**		
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**		
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		

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements			
		Balance sheet as in audited financial statements	**Cross- reference to template OF1**
		As at period end 31 Oct 2022 GBP ('000)	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*			
1	Intangible assets	129	Box 11
2	Tangible assets	2	
3	Debtors	343	
4	Cash at bank and in hand	888	
	Total Assets	**1,362**	
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*			
1	Creditors	135	
	Total Liabilities	**135**	
Shareholders' Equity			
1	Called up share capital	15	Box 4
2	Share premium account	1,149	Box 5
3	Profit and loss account	62	Box 6
	Total Shareholders' equity	**1,227**	

Own Funds Requirement

As a non-SNI firm, ShareIn has to comply with the provisions contained within MIFIDPRU 4.3.2R by holding the highest of: 1) Its permanent minimum capital requirement (per MIFIDPRU 4.4); 2) Its FOR (per MIFIDPRU 4.5); or 3) Its K-factor Requirement (per MIFIDPRU 4.6).

The relevant K-factors are K-CMH from its activities relating to client money and K-COH from client orders handled. Every other significant activity and potential risks to clients and markets have been assessed under K-Other. Since the basic Pillar 1 assessment of the K-Factor requirement has been deemed to be insufficient to account for harms that emanate from the firm's severe but plausible scenarios, the firm has to compute an add-on requirement.

In addition to the own funds requirement ShareIn is subject to MIFIDPRU TP 10 in relation to an Internal Capital Guidance (ICG) and Capital Planning Buffer (CPB) issued by the FCA prior to 1st January 2022. The table represents the final overall capital requirement for each K-factor along with the Total Own Funds Requirement under the transitional ICG and CPB.

Category of requirement	As at 31 Oct 2022 GBP ('000)
Permanent Minimum Requirement (£150,000)	150
Fixed Overheads Requirement	271
K-Factor Requirement	273
Basic Own Funds Requirement (the highest of the three rows above)	273
Total Own Funds Requirement (ICG + CPB)	771

Under the IFPR, ShareIn is required to conduct an ICARA, which serves as the means of assessing the key risks to which ShareIn is exposed.

The ICARA process builds on a number of capital and liquidity requirements to which the Firm is subject:

- as a condition of its authorisation, the Firm is required to have appropriate resources;
- the Firm is subject to the FCA's Principles for Businesses, one of which (Principle 4) is that it maintains adequate financial resources; and
- the Firm is required to meet a Basic Own Funds Requirement and a Basic Liquid Assets Requirement.

The Firm uses its ICARA process to identify whether it is complying with the Overall Financial Adequacy Rule ("**OFAR**") and, if it is not, to identify what steps it should take to remedy this.

The risk of some material harms can be reduced through proportionate measures other than holding additional financial resources, for example implementing additional internal systems and controls, strengthening governance and oversight processes or changing the manner in which the Firm conducts certain business.

However, for other harms identified, it may be that the only realistic option to manage them and to comply with the OFAR is for the Firm to hold additional own funds and/or additional liquid assets above its Basic Own Funds Requirement and Basic Liquid Assets Requirement.

The ICARA is conducted at least annually and is reviewed following any significant business change (including changes to strategy or operational environment which suggest that the current level of capital resources is no longer adequate). For the FYE 2022, taking into account the material harms faced and posed by the Firm, as well as the stress tests it has conducted, the recovery and wind-down plans it has prepared, and the governance framework it operates, the Firm has determined that it satisfies both its Own Funds Threshold Requirement and Liquid Assets Threshold Requirement, and therefore its OFAR, and, as far as the Firm can reasonably determine, it will continue to do so on an ongoing basis.

Remuneration Policy and Practices

ShareIn is categorised as a Non-SNI MIFIDPRU investment firm falling within SYSC 19G.1.1R(2) and so only the core requirements of the MIFIDPRU Remuneration Code apply to the Company. The remuneration policies and practices in place are deemed to be in line with the proportionality principles set out in SYSC 19G.2.4R and are appropriate to the nature, scale and complexity of the Company, and the inherent risks in the business model and activities that ShareIn undertakes.

Qualitative Disclosure

Given ShareIn's size and relatively low complexity there is no separate remuneration committee within the Company. Decisions regarding remuneration are undertaken by the Board. In considering remuneration structures, the Board seeks to ensure that arrangements take account of potential risks and:

- Do not give rise to conflicts of interest, particularly as between the actions of employees and the interests of clients, shareholders, investors and other stakeholders; and
- Are designed to comply with applicable laws and regulations.

In setting fixed remuneration for directors and staff the following overarching principles are applied, such that ShareIn:

- Ensures remuneration is sufficient to attract, motivate and retain high calibre individuals;
- Ensures remuneration is aligned to the long-term performance of the business, and accordingly that its remuneration structure promotes effective risk management.

To date ShareIn has not offered any variable remuneration to staff. Any decision to offer variable remuneration in the future will be taken by the Board and the Board will ensure it aligns with the risk appetite, considerations and principles outlined above.

No external consultants have been used in the development of the Company's remuneration policy and practices.

ShareIn have identified the following groups of staff as having a material impact on the risk profile of the Company and are designated Material Risk Takers:

Designation	**Titles**	**No. Staff**
Senior Management	Executive Directors	2
Other Material Risk Takers	Heads of Operations and Risk	2

Quantitative Disclosure

In line with MIFIDPRU 8.6.8(7), to avoid disclosing identifiable salary information, the remuneration of senior management and other material risk takers has been aggregated.

Staff Categorisation	**No. Staff**	**Fixed Remuneration GBP ('000)**	**Variable Remuneration GBP ('000)**
Material Risk Takers	4	300	0
Other Staff	16	565	0

No guaranteed variable remuneration or severance pay was awarded in the year.