

**MIFIDPRU Public Disclosure Document**

**City of London Investment Management Company Limited**

**Date as at 30 September 2022**

**For the period 1 July 2021 – 30 June 2022**

## Table of contents

<b>1</b>	<b>Overview and summary</b> .....	<b>3</b>
<b>2</b>	<b>Governance arrangements</b> .....	<b>3</b>
<b>2.1</b>	<b>External Directorships</b> .....	<b>4</b>
<b>2.2</b>	<b>Promoting diversity and inclusion</b> .....	<b>4</b>
<b>3</b>	<b>Risk management objectives and policies</b> .....	<b>5</b>
<b>3.1</b>	<b>Own funds requirements – MIFIDPRU 4</b> .....	<b>5</b>
<b>3.2</b>	<b>Concentration risk – MIFIDPRU 5</b> .....	<b>5</b>
<b>3.3</b>	<b>Liquidity – MIFIDPRU 6</b> .....	<b>5</b>
<b>4</b>	<b>Own funds</b> .....	<b>6</b>
<b>4.1</b>	<b>Own funds resources</b> .....	<b>6</b>
<b>4.2</b>	<b>Own funds requirements</b> .....	<b>8</b>
<b>5</b>	<b>Remuneration arrangements</b> .....	<b>8</b>
<b>6</b>	<b>Investment policy</b> .....	<b>8</b>

## 1 Overview and summary

City of London Investment Management Company Limited (“CLIM” or the “Firm”) is authorised and regulated by the Financial Conduct Authority (“FCA”) as a Markets in Financial Instruments (“MiFID”) firm and subject to the rules and requirements of the FCA’s Prudential Sourcebook for MiFID Investments Firms (“MIFIDPRU”) handbook.

CLIM is a wholly owned subsidiary of City of London Investment Group plc (“CLIG”), which is listed on the London Stock Exchange.

For the purposes of MIFIDPRU, the Firm has been classified as a non-small non-interconnected (“SNI”) firm, therefore a non-SNI firm.

The Firm has produced this Public Disclosure Document in line with the rules and requirements of MIFIDPRU 8, as applicable to non-SNI firms.

This Public Disclosure Document has been prepared based on the audited financials as at 30 June 2022, covering the financial period 1 July 2021 to 30 June 2022.

The Firm’s main business activity is the provision of investment management services to institutional clients.

The Firm offers and manages a number of investment strategies covering Emerging Markets, International, Opportunistic Value & Frontier via Closed End Funds (“CEF”) to institutional clients comprising both commingled investment vehicles and segregated accounts. In addition, the Firm manages both an Emerging Market and International REIT strategy.

## 2 Governance arrangements

The Firm’s ultimate decision making and oversight body is the Board of Directors.

The Board of Directors is responsible for setting the Firm’s business objectives, strategy and annual budgets. The Board of Directors ensures effective and prudent management of the Firm and has accordingly implemented segregation of duties between its business functions and control functions.

The Firm has a Conflicts of Interest Policy and procedures in place. Potential conflicts of interests are continually monitored and assessed by Compliance as an independent control function, as well as being reported to the Board of Directors on a regular basis.

The Firm has established a Risk & Compliance Committee (“RCC”). The members of the Firm’s RCC are as follows:

Head of Compliance (Chair)  
US Chief Compliance Officer  
CLIM Executive Directors  
CLIG Internal Counsel

The Board of Directors receives regular reporting and management information on the Firm's operations, specifically reporting and escalation of any compliance, financial, legal and risk matters. The Board of Directors receives independent reporting from internal control functions as well as external independently appointed auditors and consultants on the effectiveness of the Firm's operations, systems and control arrangements.

In addition to the Firm's RCC, CLIG, as a listed entity, has established an Audit & Risk Committee, which consists of the independent Non-Executive Directors of CLIG. At each formal meeting (currently three), the CLIM Head of Compliance provides a report on the activities of the CLIM Compliance department as well as that of CLIM's RCC.

## 2.1 External Directorships

In line with MIFIDPRU 8.3.1 (2), the Firm has detailed below the number of external appointments, both as executive and non-executive roles of its Board of Directors members:

Name / role	# of external executive roles	# of external non-executive roles
Deepranjan Agrawal	0	0
Mark Dwyer	0	0
Thomas Griffith	0	0
Carlos Yuste	0	0

## 2.2 Promoting diversity and inclusion

The Firm is committed to fostering a culture of diversity, equity and inclusion.

The Firm embraces and encourages our employees' differences in age, colour, covered military and veteran status, disability, ethnicity, family or marital status, language, national origin, political affiliation, race, religion, sex/gender identity/sexual orientation, socio-economic status, and other characteristics that make our employees unique.

The Firm's diversity initiatives aim to support a work environment built on the premise of gender and diversity equity that encourages and enforces, including but not limited to:

- Respectful communication and cooperation among all employees;
- Teamwork and diverse employee perspectives;
- Work/life balance through flexible work schedules to accommodate employees' varying needs;
- Employee contributions to their communities to promote a greater understanding and respect for diversity.

The Firm does not have any targets.

### **3 Risk management objectives and policies**

The Firm has implemented and embedded risk management framework, policies and procedures across all relevant risk areas of the Firm. The Board of Directors sets the business strategy and risk appetite statement of the Firm, which flows through to the risk management framework of the Firm.

In line with the Firm's business strategy, risk appetite and risk management framework the Firm identifies and further assesses key risks within the Firm's Internal Capital and Risk Assessment ("ICARA") process.

The Firm maintains a risk register, which includes risk assessment and rating methodologies in accordance with its risk appetite statement. Key risks are reported to the Board of Directors at each meeting.

#### **3.1 Own funds requirements – MIFIDPRU 4**

The Firm's investments risks are captured within its K-AUM calculation and operational risks are predominantly captured within its Fixed Overhead Requirement ("FOR") calculation. The Firm has further assessed any operational risks within its ICARA and quantified additional own funds and liquidity, where required.

#### **3.2 Concentration risk – MIFIDPRU 5**

The Firm does not conduct any trading on own account and does not have regulatory permissions for dealing as principal. The Firm therefore does not have any concentration risks on or off balance sheet and does not operate a trading book.

#### **3.3 Liquidity – MIFIDPRU 6**

The Firm maintains minimum liquidity at all times in compliance with the Basic Liquid Asset Requirement (BLAR), being at least 1/3 of its FOR.

The Firm does not provide any client guarantees and therefore its entire liquidity requirement is driven by its expenses, as captured by the FOR.

As part of the ICARA (previously the ICAAP), the Firm also maintains liquidity to satisfy its net wind-down costs and any additional liquidity requirements which the ICARA identified for supporting the ongoing business activities of the Firm.

## 4 Own funds

### 4.1 Own funds resources

In line with MIFIDPRU 8.4 the Firm has prepared the reconciliation of own funds in line with MIFIDPRU 8 Annex 1 as follows:

<b>Composition of regulatory own funds</b>			
<b>#</b>	<b>Item</b>	<b>Amount (GBP thousands)</b>	<b>Source</b>
<b>1</b>	<b>OWN FUNDS</b>		
<b>2</b>	<b>TIER 1 CAPITAL</b>		
<b>3</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>		
4	Fully paid up capital instruments	500	Share capital
5	Share premium		
6	Retained earnings	5,442	R/E year end
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FRO COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments	(500)	Deduct material holdings in CLIM PTE
<b>20</b>	<b>ADDITIONAL TIER 1 CAPITAL</b>		
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		
<b>25</b>	<b>TIER 2 CAPITAL</b>		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTION FROM TIER 2		

<b>Composition of regulatory own funds</b>			
<b>#</b>	<b>Item</b>	<b>Amount (GBP thousands)</b>	<b>Source</b>
29	Tier 2: Other capital elements, deductions and adjustments		

<b>Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statement</b>				
<b>GBP (thousands)</b>				
		<b>a</b>	<b>b</b>	<b>c</b>
	<b>Item</b>	<b>Balance sheet as in audited financial statement</b>	<b>Under regulatory scope of consolidation</b>	<b>Cross reference to own funds table</b>
<b>Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements</b>				
1	Investments	500		Item 19
2	Receivables	5,020		n/a
3	Cash	8,952		n/a
	<b>Total Assets</b>	<b>14,472</b>		
<b>Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements</b>				
1	Payables	8,530		n/a
	<b>Total Liabilities</b>	<b>8,530</b>		
<b>Shareholders' Equity</b>				
1	Share capital	500		Item 4
2	P&L reserves	5,442		Item 6
	<b>Total Shareholders' equity</b>	<b>5,952</b>		

<b>Own funds: main features of own instruments issued by the firm</b>
500,000 ordinary shares of £1 each owned by parent company

## 4.2 Own funds requirements

The Firm calculates its own funds requirements as a non-SNI firm in line with the rules and requirements in MIFIDPRU 4.3 for non-SNI firms.

### K-FACTORS AND FIXED OVERHEAD REQUIREMENT (*thousand GBP*)

Fixed Overhead Requirement	-	2,457
K-factors Requirement	-	752 (K-AUM 386/K-DTF 366)

In addition, the Firm is in the process of completing its ICARA and analysis to determine its net wind-down requirements and any additional own fund requirements to fund its on-going operations under the new MIFIDPRU requirements.

The Firm's risk appetite statement and assessment of risks through its risk management framework and risk register form the basis of its ICARA and assessment of the overall financial adequacy rule in line with MIFIDPRU 7.4.7.

The Board of Directors reviews, challenges and approves the ICARA and conclusions of own funds requirements.

## 5 Remuneration arrangements

The Firm is making use of the transitional provisions in MIFIDPRU TP 12.9 whereby it is not required to disclose remuneration information as the period of this Public Disclosure Document falls before 1 Jan 2022 and ends after 1 Jan 2022.

## 6 Investment policy

The Firm is making use of the transitional provisions in MIFIDPRU TP 12.7 whereby it is not required to disclose information on its investment policy as the period of this Public Disclosure Document falls before 30 December 2022.