

# Chapter 8

## Disclosure

## 8.3 Governance arrangements

### 8.3.1

**R**

A non-SNI MIFIDPRU investment firm must disclose the following information regarding internal governance arrangements:

- (1) an overview of how the *firm* complies with the requirement in ■ SYSC 4.3A.1R to ensure the *management body* defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the *firm*, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of *clients*;
- (2) subject to ■ MIFIDPRU 8.3.2R, the number of directorships (executive and non-executive) held by each member of the *management body*;
- (3) where relevant, whether the FCA has granted a modification or waiver of ■ SYSC 4.3A.6R(1)(a) or ■ (b) in order to allow a member of the *management body* to hold additional directorships;
- (4) a summary of the policy promoting diversity on the *management body*, including explanations of:
  - (a) the objectives of the policy and any target(s) set out in the policy; and
  - (b) the extent to which the objectives and any target(s) have been achieved; and
  - (c) where the objectives or target(s) have not been achieved:
    - (i) the reasons for the shortfall; and
    - (ii) the *firm's* proposed actions to address the shortfall; and
    - (iii) the proposed timeline for taking those actions;
- (5) whether the *firm* has a risk committee; and
- (6) whether the *firm*:
  - (a) is required by ■ MIFIDPRU 7.3.1R to establish a risk committee; or
  - (b) would have been required by ■ MIFIDPRU 7.3.1R to establish a risk committee, but that obligation has been removed as a result of a waiver or modification granted by the FCA.

- 8.3.2** **R** The following directorships are not within the scope of ■ MIFIDPRU 8.3.1R(2):
- (1) executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and
  - (2) executive and non-executive directorships held within the same group or within an undertaking (including a *non-financial sector entity*) in which the *firm* holds a *qualifying holding*.

- 8.3.3** **G** When deciding what information to disclose to satisfy the obligations in ■ MIFIDPRU 8.3.1R(1), a *firm* may find it helpful to consider:
- (1) the requirements in ■ SYSC 4.3A.1R(1) to ■ (7) regarding the responsibilities of the management body; and
  - (2) the requirements in ■ SYSC 4.3A.3R regarding the necessary skills and attributes of members of the *management body*.