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Brevan Howard
Asset Management
LLP

MIFIDPRU8
Disclosure

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INTRODUCTION

Brevan Howard Asset Management LLP (“BHAM” or the “Firm”) is authorised and regulated by the UK Financial Conduct Authority (the “FCA”) as an investment firm and is subject to, and must comply with, the financial resource adequacy requirements set by the FCA Prudential Sourcebook for MiFID Investment Firms (“MIFIDPRU”) for a MIFIDPRU Non-Small & Interconnected (“Non-SNI”) Firm.

On 1 January 2022, the FCA implemented a new prudential regime, the Investment Firms Prudential Regime (the “IFPR”), for UK firms that are authorised under the Markets in Financial Instruments Directive (“MiFID”). The IFPR applies proportionately to two categories of firm and sets out a series of thresholds for particular MiFID services. Firms which do not exceed any of these thresholds are classified as small and non-interconnected investment firms (“SNI’s”). Subsequently, BHAM exceeds a number of these thresholds and so it is categorised as a non-SNI investment firm and is required to publish disclosures on a range of topics.

Under the provisions of MIFIDPRU8, the Firm is required to make specific disclosures relating to its:

- Risk Management Objectives and Policies (MIFIDPRU 8.2);
- Governance Arrangements (MIFIDPRU 8.3);
- Own Funds (MIFIDPRU 8.4);
- Own Funds Requirements (MIFIDPRU 8.5); and
- Remuneration Policy and Practices (MIFIDPRU 8.6).

BHAM does not fall within MIFIDPRU 7.1.4R as the relevant thresholds are not met. As such MIFIDPRU 8.7 (Investment Policy) is disapplied. The Firm has determined that it is not a member of an investment firms group, hence these disclosures are provided on a solo basis. The information set out herein is 31 March 2024, which represents the Firm’s financial year-end, unless otherwise stated.

There have been no significant changes since the Firm’s previous disclosure period.

MIFIDPRU 8.2 RISK MANAGEMENT OBJECTIVES AND POLICIES

The BHAM board (the “Board”) is responsible for establishing appropriate systems of risk management and internal control within BHAM and for reviewing their effectiveness. To discharge this responsibility, the Board has established a system of governance (see section MIFIDPRU 8.3 for further details) and a risk management framework, which together are designed to establish clear accountabilities and to protect the interests of BHAM’s clients, shareholders and other stakeholders.

The goal of the risk management framework is to identify, assess and mitigate relevant harms and risks in a manner that is proportionate to the nature, scale and complexity of the Firm’s business.

The Firm’s business strategy reflects BHAM’s low appetite for harms and risks. The Firm considers that the potential for material harms and risks arising from the implementation of its business strategy is low; by way of illustration it does not, for example, trade for its own account, have significant balance sheet exposures, hold client money or assets or interact with retail clients.

The Board reviews the Firm’s risk management processes at least annually as part of its Internal Capital Adequacy and Risk Assessment (“ICARA”) process, although, if the Firm’s business model changes materially or new and unexpected risks emerge, BHAM will update it in a timely manner. As part of the process, the Board undertakes a review of the potential harms posed by its business to clients, counterparties and the markets in which it operates, and the risks to the Firm itself to assess the effectiveness of its risk management policies and processes.

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The Firm's ICARA process seeks to identify each potential material harm to BHAM's clients (and counterparties), to the markets and risks to the Firm itself and includes harms and risks that do not readily fall into a single category. These harms and risks are recorded in the Firm's ICARA document and an analysis of the impact of each harm if it were to materialise or risk if it were to crystallise is undertaken.

Through the ICARA process BHAM, having identified the relevant harms and risks, considers the effectiveness of the different measures both financial and non-financial that have been, or may be, taken to mitigate these harms and risks. BHAM acknowledges that non-financial mitigants alone may not always appropriately address risks or the crystallisation of harm sufficiently and in these circumstances it may decide that the Firm should hold additional own funds and/or liquid assets.

These risks and harms are considered both in the scenarios of the operation of BHAM's business on an ongoing basis and in a wind-down and have regard to the whole of the firm's business (including both its MiFID and AIFMD businesses).

The FCA requires BHAM particularly to disclose its risk management objectives and policies for the following specific categories of risk:

Own funds requirements

Through the ICARA process, the Firm assesses the minimum level of own funds it must maintain in order to comply with regulatory requirements and it seeks to hold a level of regulatory capital which exceeds this minimum amount by a considerable margin.

Broad categories of harms and risks that may arise from the operation of its ongoing business that are included in BHAM's ICARA process are harm from managing investments, trading activities, operational issues, marketing and distribution activities, IT, cyber and data protection issues, conflicts of interest, business development, the introduction of trading in new types of financial instruments, legal, regulatory or compliance issues, remuneration practices, financial management and control, and reputational risk.

The impact and likelihood of a harm materialising or a risk crystallising and the systems and controls in place to mitigate them are reflected in their assessment through the ICARA process. These individual assessments contribute to the determination of the total minimum amount of own funds the firm should hold at all times.

An assessment of the financial, and other, impacts of the Firm winding-down is also undertaken within the ICARA process in the alternative scenario of the Firm closing. This alternative scenario also contributes to the determination of the total minimum amount of own funds that the firm should hold by comparing its outcome with their own funds to be held on an ongoing basis.

Liquidity risk

This is the risk that BHAM does not have sufficient financial resources available to meet its obligations when they fall due or can only secure them at an excessive cost.

It is not considered a significant risk to the Firm as BHAM's business is highly cash generative. Cash balances represent a substantial proportion of BHAM's capital and it does not usually have any significant financial liabilities. Cash is generally held in short-term government bonds with good credit rating or with banks whose credit ratings suggest, in view of their capital strength, business model and diversity of operations, that they are relatively secure. Monies to fund non-sterling liabilities are normally held in the relevant currency so avoiding exchange rate risks.

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The current and projected availability and liquidity of financial resources are monitored. The relationships between the liquidity of financial resources, risk management, regulatory requirements and both short and long-term strategy are taken into account in managing the business.

Concentration risk

BHAM is required to monitor and control all sources of concentration risk, which is defined as the risk that may arise from the extent of a firm's relationships with, or direct exposure to, a single client or group of connected clients. In the case of the Firm, this risk primarily relates to the risk of termination of related-entity contractual arrangements, as described above under "business risk" and considered in detail as part of the ICARA process.

Although the Firm has one client, a Brevan Howard-related entity Brevan Howard Capital Management Limited ("BHCML"), BHAM has input into the overall oversight of the groups' product base, e.g. a diversified its product range through the launch of new products and new investment strategies in a range of areas. The investor base is well diversified by size of investor, type of investor and geography of investor. BHAM is not over-dependent on any one individual or team and many of the Firm's investment teams contribute to the management of the largest single strategy managed by the firm. Similarly, BHAM's investment and non-investment teams each employ a number of individuals so reducing key man dependencies.

Other sources of concentration risk have been considered but none is, following assessment and mitigation, BHAM does not consider there to be any material sources of such risk.

Market Risk

Market risk refers to the potential for uncertainty due to losses due to fluctuations in market-drive factors such as interest rates, credit spreads, foreign exchange, commodity and equity prices. The Firm does not have a proprietary trading book and does not carry any material interest rate risk in its non-trading book. The Firm's exposure to market risk relates primarily to any unhedged currency exposure on the balance sheet of the non-trading book, i.e. limited risk exposures to US Dollars and Euros to hedge any US Dollars and Euros liabilities.

Operational Risk

Operational Risk is the risk of loss caused by inadequate or failed internal processes, people and systems or from external events, including legal risk. The Firm seeks to minimise operational risk through its risk governance and operational risk framework. On an annual basis, the Firm identifies and assesses its key risks, taking into consideration the design and effectiveness of controls, as part of the ICARA process, which facilitates the Firm's assessment of whether any additional own funds or liquid assets are required in respect of residual risks.

MIFIDPRU 8.3 GOVERNANCE ARRANGEMENTS

Overview

BHCML, acting as the general partner for Brevan Howard Capital Management LP, has delegated the day-to-day management of Brevan Howard's global business to its operating entity boards, which seek to ensure that local management teams manage and operate each Brevan Howard entity in accordance with the constitutional documentation of that entity and all applicable local laws, rules and regulations.

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The BHAM Board is responsible for the day-to-day management of Brevan Howard's global operations and the implementation and delivery of its key strategic aims. Its role is to provide oversight and challenge to local management teams and ensure that local management is producing timely, coherent and complete reporting to the BHCML.

As stated earlier, the Board is responsible for establishing appropriate systems of risk management and internal control within BHAM and for reviewing their effectiveness. The membership of the Board comprises senior managers who collectively have extensive knowledge and experience of all areas of the Firm's business as well as representatives.

BHAM has implemented a risk management structure to support its core business of fund management in addition to input provided by external bodies, such as the boards of directors of the funds it manages.

- **BHAM Board:** the Board is responsible for the oversight and implementation of the business strategy and strategic operational, financial and administrative issues, new business initiatives, marketing activity, HR matters, internal and external audit report, operational risk and compliance reports and other status reports from department heads. It is ultimately responsible for determining the acceptability of risks that Firm faces and in determining the framework for mitigating those risks. This includes reporting to the Board focusing on business, financial and operational risk management issues takes place which includes information on its regulatory capital and liquidity.
- **Operations, Business and Risk Committee (OBRC):** the global OBRC, for which the Board has representation, is responsible for the oversight of Brevan Howard's, including BHAM's, systems and controls framework. It seeks to identify operational and business risks and risks to clients that could affect the provision of services to the Funds, and impact the BHAM, its customers, clients and the markets it operates in. The OBRC reviews reports, management information, and key risk indicators on the adequacy of Brevan Howard's controls, processes, systems, and human resources as well as any failures or near failures in those controls, processes, systems, or human errors. The OBRC receives updates on material operational risk issues from the Operating Entity Boards (e.g. BHAM) and committees and escalates material risks, systems and controls, and service performance issues via monthly written updates. Business Continuity and cyber threats are also overseen by this committee.
- **Conflicts of Interest Committee (COIC):** The COIC assists in identifying, managing and appropriately disclosing conflicts of interests (collectively 'conflict's) that may impact BHAM, which the Board has representation. In order to address such issues, a Conflicts of Interest Policy has been drafted and is overseen by the COIC.
- **Investment Committee (IC):** the Brevan Howard IC is responsible for: i) providing strategic direction for, and providing oversight of, BHAM's trading activities; and ii) evaluating and making recommendations as appropriate to improve BHAM's execution and trade management policies and procedures. Subject to risk and other investment limits, the IC aims to maximise the returns of each fund in accordance with its investment objectives.
- **Valuation Committee (ValCo):** ValCo meets monthly to provide oversight over the valuation policies and practices at BHAM in respect of pricing of the master fund portfolios for the AIFs for which BHAM acts as the AIFM in accordance with the BHAM Valuation Policy. ValCo escalates and reports any material issues to the BHAM Board via the COO or Compliance Officer, who are members of both ValCo and the BHAM Board.
- **Audit Committee:** The Audit Committee supervises and sets appropriate risk management and control principles for the Brevan Howard business to ensure the business operates an appropriate control framework. As part of the audit, BHAM's regulatory framework and risk controls are reviewed for compliance.

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BHAM has embedded a series of controls in its business units and support functions. Compliance and risk management policies have also been implemented which set out specific requirements to be applied in the management of relevant risks (see the section MIFIDPRU 8.2 Risk Management Objectives and Policies for further details).

The Firm has an independent Compliance Function, as set out in FCA SYSC 6.1.4. Key elements include the identification, measurement and assessment of compliance risk and the monitoring and testing of compliance by performing sufficient and representative testing to provide a reasonable level of assurance to the partners of the effectiveness of the Firm's management of compliance and regulatory risk.

The UK Compliance team is led by the Firm's Head of Compliance and comprises a further four staff members.

Directorships

The following table sets out the number of directorships held by BHAM Board members as at 31 March 2024. Executive and non-executive directorships held in organisations, which do not pursue predominantly commercial objectives, are excluded from the data in this table. Executive and non-executive directorships held within the same group are also excluded.

BHAM Board Member	Executive directorship	Non-Executive directorships
Alan Howard	0	0
Aron Landy	0	1
Craig Adams	6	0
Carolyn Cook	0	0
Kate Haswell	0	0
Duke Dayal	0	0
Stephane Liot	0	0
Miriam Porat	0	0
Rachel Thomas	0	0
Sophie Westmacott	0	0

Diversity

BHAM supports a policy of equality and diversity throughout its workforce which it reinforces through its recruitment practices and its culture recognising that employees and partners with different backgrounds and experience can bring valuable insights to the workplace and enhance the way the Firm works.

Risk committee

The Firm is not required to establish a risk committee and has not done so at the BHAM level, however the Brevan Howard group has a Fund Risk Committee (the "FRC"), which considers trade performance, trade sizing, correlation of different risks, scenario exposures and a variety of stress tests, both at fund and trader level. Further, the FRC reviews reports on each Funds' liquidity and counterparty risks, which covers information and analysis of unencumbered capital, risk parameters, initial margin levels.

MIFIDPRU 8.4 OWN FUNDS

The Firm's own funds as at 31 March 2024 are set out in Table 1.

A reconciliation of the Firm's own funds as at that date to its audited financial statements for the financial year ended 31 March 2024 is set out in Table 2.

Both tables are in the format prescribed by the rules of the FCA.

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Table 1

Composition of regulatory own funds		
item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
OWN FUNDS	41,071	
TIER 1 CAPITAL	41,071	
COMMON EQUITY TIER 1 CAPITAL		
Fully paid-up capital instruments	10,795	
Share premium		
Retained Earnings		
Accumulated other comprehensive income		
Other reserves	30,276	
Adjustments to CET1 due to prudential filters		
Other funds		
(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
CET1: Other capital elements, deductions and adjustments		
ADDITION TIER 1 CAPITAL		
Fully paid up, directly issued capital instruments		
Share premium		
(-)TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
Additional Tier 1: Other capital elements, deductions and adjustments		
TIER 2 CAPITAL		
Fully paid up, directly issued capital instruments		
Share premium		
(-) TOTAL DEDUCTIONS FROM TIER 2		
Tier 2: Other capital elements, deductions and adjustments		

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Table 2

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
		Balance sheet as in published/ audited financial statements	Under regulatory scope of consolidation	Cross reference to template OF1
		a	b	c
		As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Deposits	500		
2	Debtors falling due in one year	100,901		
3	Cash at bank and cash equivalents	13,390		
4	Total Assets	114,791		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
5	Creditors falling due in one year	73,720		
6	Loans and other debts due to members			
7	Total Liabilities	73,720		
Shareholders' Equity				
8	Partners' Capital	10,795		
9	Other reserves classified as equity	30,276		
10	Total Shareholders' equity*	41,071		

*Partners' capital has not been included in the calculation of own funds

MIFIDPRU 8.5 OWN FUNDS REQUIREMENTS

All FCA authorised firm must meet the FCA's threshold conditions that require all firms to have appropriate resources. The Overall Financial Adequacy Rule (the "OFAR") establishes the standard that the FCA applies to determine if a firm has adequate financial resources.

MIFIDPRU 7.4.7R sets out the OFAR and it states:

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

- (a) the firm 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) the firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.*

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MIFIDPRU 4 sets out a series of K-factor requirements. These are risk parameters/indicators that represent the specific risks that an investment firm faces and the harms and/or risks it may pose to customers/markets.

MIFIDPRU 4 also includes a fixed overheads requirement which is 25% of the firm's fixed overheads for the previous financial year (which is calculated by taking the total fixed costs of the preceding financial year, as determined by the firm's external auditor, and deducting from them certain specific items (mainly of a discretionary nature (e.g. staff bonuses))).

Under the FCA's rules, BHAM is obliged to disclose the sum of various K-factor requirements (not all of which are applicable to the Firm) and its fixed overheads requirement for the financial year ended 31 March 2024.

These are set out in the table below:

Capital requirement	GBP'000
K-factor requirements	
K-AUM + K- CMH + K-ASA	1,759
K- COH + K-DTF	
K-NPR + K-CMG + K-TCD + K-CON	
Total K-factor requirement	1,759
Fixed overheads requirement	
Fixed overheads requirement	31,561

BHAM's MIFIDPRU 4 own funds requirement is the highest of i) the sum of the applicable K-factor requirements; ii) the fixed overheads requirement; and iii) its permanent minimum requirement. The Firm's MIFIDPRU 4 own funds requirement is the highest of these requirements, which therefore for the financial year ended 31 March 2024, was the fixed overheads requirement.

The MIFIDPRU 4 own funds requirement does not alone determine the level of financial resources that the FCA considers to be adequate to meet the OFAR - it is a minimum requirement which is not tailored to BHAM's individual circumstances.

To ensure that the Firm meets the OFAR, the IFPR introduced the requirement for BHAM to undertake an ICARA process on at least an annual basis. The ICARA process considers the extent to which the potential for harm is covered by BHAM's MIFIDPRU 4 requirement and then supplements the minimum MIFIDPRU 4 requirement through an assessment of Firm's individual position.

The ICARA process is an internal risk management process. The elements comprising the process are:

ICARA PROCESS ELEMENT
a description of the firm's business model and strategy and how it aligns with the firm's risk appetite;
an explanation of the activities carried on by the firm, with a focus on the most material activities;
an analysis of the effectiveness of the firm's risk management processes during the period covered by the review;
a summary of the material harms identified by the firm and any steps taken to mitigate them;
an explanation of how the firm is complying with the overall financial adequacy rule including a breakdown of each component as at the review date;
a summary of stress testing and reverse stress testing carried out;
the levels of own funds and liquid assets that, if reached, may indicate that there is a credible risk that the firm will breach its threshold requirements;
the potential recovery actions that the firm has identified; and
an overview of the firm's wind-down planning.

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As part of the process, BHAM considers whether the risk of material potential harms and risks can be reduced through proportionate measures (other than holding additional financial resources) and, if so, whether it is appropriate to implement such measures. BHAM then assesses whether it should hold additional own funds (or additional liquid assets) to mitigate any material potential harms where, for example, it has applied such measures but there is a residual risk of harm.

An estimate is also made of the own funds required to wind down the Firm's business. An assessment of whether additional capital or liquid assets are required to mitigate any material harms that could arise during the process forms part of this element of the process.

BHAM is obliged to comply with the capital requirements set out in the AIFMD in respect of its AIFM business in parallel with the requirements of the IFPR.

MIFIDPRU 8.6 REMUNERATION POLICY AND PRACTICES

The Firm's performance period is 31 December 2023 (the "Performance Period"). As the MIFIDPRU rules were not applicable for the whole of this performance year the following disclosure is made in accordance with the rules set out in the AIFMD and not MIFIDPRU.

The Firm's remuneration policy is the responsibility of the BHAM Board.

The Board considers remuneration in the context of a wider agenda including retention, recruitment, motivation and talent development and the external market environment. It also receives updates on regulatory developments and general remuneration issues, as well as market and benchmarking data. The Board sets and monitors the remuneration policy standards and monitors compliance with them. Each year, the Board appoints at least two members of its Board (one of which is the CEO) to have joint oversight of remuneration matters and deems this approach appropriate for the following reasons:

- The Firm has a relatively small workforce with shallow reporting lines, which means the Board members have direct knowledge of those in their reporting groups when making remuneration decisions. Therefore, remuneration decision-making is made at the highest level within the Firm and not intermediated;
- Each member of the Board will agree remuneration proposals with the Head of Human Resources for all of the Firm's staff under their management; and
- As part of their oversight role, the designated members of the Board will review remuneration for AIFM Remuneration Code Staff and other partners and senior employees with key stakeholders, and seek the input of Control Functions where appropriate.

The Firm's remuneration policy and practices ensure that remuneration of employees is not biased by gender, race, ethnic origin, political views, sexual orientation, age, disability or any other discriminatory factors. The Firm does not tolerate any form of discrimination.

Compliance with the Equality Act 2010 is integral to the remuneration policy and procedures. All remuneration decisions are based on the individuals experience, performance and conduct.

In dealing with matters relating to remuneration for all staff, the Firm acknowledges the following general principles:

- Remuneration policies, procedures and practices should be consistent with and promote sound and effective risk management and not encourage risk-taking that exceeds the level of tolerated risk of the Firm;
- Remuneration policy should be in line with the business strategy, objectives, values and

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- long-term interests of the Firm;
- The structure of each employee's/member's remuneration should be consistent with and promote effective risk management;
- The Firm's total variable remuneration should be sustainable according to the financial situation of the Firm as a whole; and
- Where the Firm's financial performance is subdued or negative, total variable remuneration should generally be considerably contracted, taking into account both current remuneration and reductions in pay-outs of amounts previously earned.

The Firm's remuneration policy contains measures to avoid conflicts of interest, encourages responsible business conduct, and promotes risk awareness and prudent risk taking.

Remuneration is made up of a fixed component (fixed drawings or profit allocations for members and salary for employees) and a variable element (discretionary profit allocations for members and bonuses for employees). In setting these elements of remuneration, the Firm ensures that they are appropriately balanced and include the possibility of no variable component being awarded.

The Board determines the appropriate ratios between fixed and variable remuneration components as part of the process for setting and determining remuneration awarded.

The benefits offered to members and employees of the Firm as part of their remuneration which are categorised as fixed remuneration include private medical insurance, life insurance, travel insurance and pension scheme membership.

In certain circumstances the Firm will provide a guarantee that an employee's discretionary bonus or a member's discretionary profit allocation will be not less than a certain amount.

Guaranteed bonuses/profit allocations will not be awarded, paid or provided unless they are exceptional, in the context of hiring new staff, limited to the first full year of service and the Firm has a strong capital base.

When awarding a guarantee, consideration must be given to whether and in what circumstances any amount paid can be clawed back. The Firm would consider it appropriate to apply clawback provisions to any sign-on bonus if a new joiner leaves the Firm within the first 12 months.

The Firm will take into account the FCA General Guidance on Guaranteed Variable Remuneration before making any award including that the award is appropriate taking all relevant circumstances into account.

Buy-outs will not be awarded to staff unless the Firm is confident that any award aligns with the long term interests of the Firm and is not more generous, i.e. as to the amount or terms (including any deferral period or forfeiture risk) than the variable remuneration awarded or offered by the individual's previous employer. The Firm would normally apply forfeiture provisions to any buy-out in the event of resignation, a cause event.

Retention awards will only be awarded to staff where the Board considers that this is compatible with the Firm's obligation to establish, implement and maintain remuneration policies, practices and procedures that are consistent with and promote sound and effective risk management. Such awards would be exceptional and only be granted where the Firm is undergoing a major restructuring and a good case can be made for retention of particular key staff members on prudential grounds and where requisite notifications have been made to the FCA. Payment of a retention award may be made dependent on the AIFM Remuneration Code Staff member of material risk taker ("MRT") meeting certain performance criteria that have been defined in advance. Retention awards will not generally be considered appropriate for staff who are not AIFM Remuneration Code Staff or MRTs.

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Any such awards to AIFM Remuneration Code Staff or MRTs will always be conditional on sufficient distributable profits being available so as to preserve the Firm's ability to ensure the adequacy of its capital base position. Note that material risk takers ("MRTs") are identified as those individuals whose professional activities are deemed to have a material impact on the Firm's risk profile or the assets it manages in accordance with the criteria set out in the FCA Remuneration Rules.

Staff may be eligible for an annual discretionary bonus (for those who are employees) or annual discretionary profit allocation (for those who are members). Discretionary bonuses/profit allocations are determined by the Firm in its sole discretion and include the possibility of being paid nothing.

The factors to be used in setting bonuses/profit allocations are at the absolute discretion of the Firm. The current factors include individual performance, performance of the individual's business unit; and overall results of the Firm. The Firm will ensure that the factors to be used in setting discretionary bonuses/profit allocations include effective risk management. Behaviour contrary to the Firm's values will have a negative impact on individual assessment (regardless of financial performance).

All variable remuneration awarded to MRTs is subject to malus, clawback and ex-post risk adjustment and where the Firm deems it appropriate, it will enact these arrangements to protect the viability and sustainability of the business, to ensure individuals do not profit from a relevant crystallised risk.

Severance pay for all staff is at the Firm's absolute discretion, subject to its contractual or statutory obligations. Any payments related to early termination of contracts will reflect performance achieved over time and will be designed in a way which does not reward failure. Severance payments to any AIFM Remuneration Code Staff and MIFIDPRU Remuneration Code Staff must be approved by the Board and are subject to malus and clawback.

There are deferral arrangements in place the purpose of which is to support a performance culture where employees recognise the importance of sustainable (and sustained) firm and individual performance. This arrangement encourages sound risk management whilst aligning the longer-term interests of participants with those of investors.

All traders with defined risk limits are normally subject to deferral provisions where a portion of their remuneration is deferred for a minimum of two years and vesting may be linked to the level of trading assets allocated to the trader. During the deferral period, remuneration can be forfeited in certain circumstances and may be performance adjusted by way of clawback for a portion of any trading losses suffered.

If a trader is not subject to deferral and clawback provisions because of the specific nature of the fund whose assets they manage, they will be subject to loss carry-forward provisions that reduce a future pay-out of variable remuneration if trading losses have been incurred in a prior year.

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Quantitative disclosures pursuant to MIFIDPRU 8.6.8R in respect of the Performance Period are set out below.

Rule reference	Disclosure			
MIFIDPRU 8.6.8R(3)	The total number of MRTs identified by the Firm under SYSC 19G.5 as at the Reference Date: 5			
MIFIDPRU 8.6.8R(4)(a)-(c)				
	Category	Fixed	Variable	Total
	Senior Manager MRTs and Other MRTs	6,894,728	2,806,342	9,701,070
	Other Staff	23,246,829	143,122,279	166,369,107
MIFIDPRU 8.6.8R(5)(c)	Highest severance payment awarded to an MRT: N/A			