

WealthKernel Limited (FRN 723719)

MIFIDPRU Disclosure

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WealthKernel Limited (FRN 723719) MiFIDPRU Disclosure – For the Year Ended 31 December 2024

1. Introduction (MiFIDPRU 1)

1.1 Scope

This document sets out the disclosures required by the Financial Conduct Authority's ("FCA's") Prudential Sourcebook for MiFID Investment Firms ("MiFIDPRU"), Chapter 8 for WealthKernel Limited ("WealthKernel", or "the Firm") for the financial year ending 31 December 2024.

WealthKernel is classified as a non-small non-interconnected ("non-SNI") MiFIDPRU investment firm and meets the conditions of MiFIDPRU 7.1.4R as at 31 December 2024.

1.2 Basis of Disclosure

This disclosure has been prepared on an individual basis and relates to WealthKernel (FRN 723719). This disclosure is not required to be reviewed by WK's auditor and does not form part of WealthKernel's annual audited financial statements. As a result, this disclosure should not be relied upon in making any judgement about WealthKernel's financial position.

1.3 Frequency of Disclosures

These disclosures (which are approved by the WealthKernel Board), are required to be made at least annually and, if appropriate, more frequently where there is a material update to a firm's internal capital and liquidity adequacy assessment. WealthKernel has a financial year end reference date of 31 December, and these disclosures are made as at 31 December 2024.

1.4 Verification, Media and Location

These disclosures explain the basis of preparation of certain capital requirements and provide information about the management of specific risks. They do not constitute, in any form, audited financial statements and have been produced solely for the purposes of MiFIDPRU 8. They should not be relied on in making any investment decisions in relation to WealthKernel (or any of WealthKernel's products and services). These disclosures are published on WealthKernel's website – www.wealthkernel.com.

2. Corporate Background

2.1 Introduction

WealthKernel is a limited liability company (Companies House Number **09686970**) established on 15 July 2015 and incorporated under the laws of England and Wales. WealthKernel is authorised and

regulated in the UK by the FCA (**FRN 723719**) as a MiFID investment firm and is categorised for prudential purposes as a non-SNI MiFIDPRU firm.

2.2 Nature of Business

WealthKernel provides a digital investment infrastructure platform that enables fintechs, traditional wealth managers, banks and asset managers with services to build digital investment propositions.

In particular, WealthKernel provides the following services:

- Custody & trading
- Execution, clearing and settlement
- Client onboarding
- Regulatory hosting (via the Appointed Representative regime)
- Back and middle office operations

WealthKernel makes its services available to its clients ("Tenants") through an Application Programming Interface ("API").

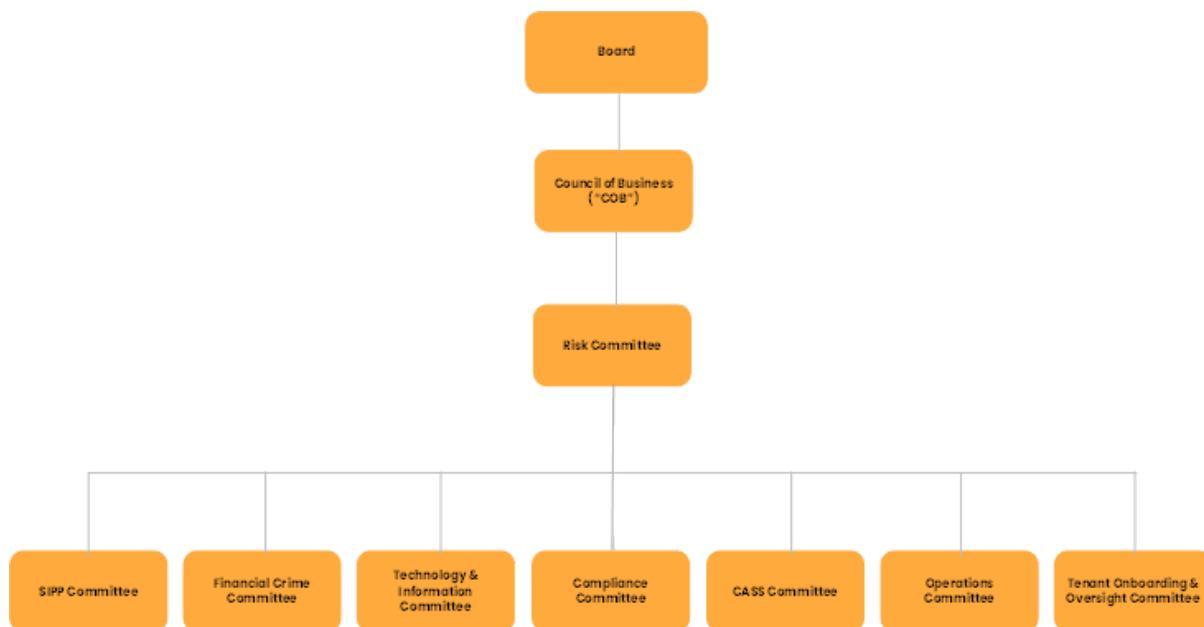
WealthKernel's mission is to:

- Make it easier for new and existing financial institutions to build digital investment propositions;
- Help retail customers (including customers with characteristics of vulnerability) have access to more options for saving and investing, at a lower cost.

3. Governance Arrangements

WealthKernel is committed to maintaining good standards of corporate governance. WealthKernel regards the composition and effectiveness of its Board and the supporting Committees to be an important element of its corporate governance.

Set out below is the structure of WealthKernel's key governance arrangements.



3.1 Governing Body

The Board is WealthKernel's governing body and has overall responsibility for WealthKernel. The Board approves and oversees the implementation of WealthKernel's strategic objectives, risk strategy and internal governance arrangements, including (but not limited to) the segregation of duties in the organisation and the prevention and management of conflicts of interest in a manner that promotes integrity of the markets and the interests of clients.

The Board is also responsible for:

- WealthKernel's performance against the approved strategy and risk appetite (including in respect of capital and liquidity adequacy);
- The effectiveness of WealthKernel's control framework;
- Approval of the Internal Capital Adequacy and Risk Assessment ("ICARA") process;
- Approval of the key remuneration decisions in terms of policy and application to WealthKernel.

The Board has delegated specific responsibilities to the Council of Business (the "COB") as set out in the COB's Terms of Reference.

3.1.1 Board Composition

The overall composition of the Board reflects an adequately broad range of collective and individual experiences to be able to understand WealthKernel's activities, including its main risks and to ensure WealthKernel's sound and prudent management, as well as sufficient knowledge of the legal and regulatory framework in which WealthKernel operates.

Each member of the Board has the skills, experience and knowledge to enable them to contribute individually and collectively as part of the team, to ensure the effectiveness of the Board and the success of WealthKernel as a whole.

3.1.2 Members of the Board

The following table sets out the members of the WealthKernel Board and the number of directorships held.

Tbl 3.1.2

Name	Role	Number of Executive Directorships	Number of Non-Executive Directorships	Total
Brian Schwieger	Chair	0	2	2
Thuvakaran Shanmugarajah	Executive Director & CEO	2	0	2
Yannick Brunner	Executive Director	1	0	1
Thomas Campbell	Non-Executive Director	0	1	1
Ian Lansell	Non-Executive Director	4	1	5

3.1.3 Recruitment to the Board

Recruitment to the Board involves the assessment on an individual and collective basis that candidates possess sufficient knowledge, skills and experience to perform their roles. When assessing new appointments to the Board, WealthKernel reviews the Board's overall skills and experience to determine the desired candidate characteristics. When recruiting members of the Board, WealthKernel gives careful consideration to issues of overall Board balance, equality and diversity.

3.2 The Council of Business (the "COB")

The Council of Business (the "COB"), is the principal executive governance forum for conducting WealthKernel's business and its members take day-to-day responsibility for the effective running of the business and for driving positive changes where required. This includes implementation of the WealthKernel's strategic objectives and management of business activities in accordance with the Risk Appetite set by the Board.

The COB has established sub-committees and delegated certain responsibilities to them as set out in their respective Terms of Reference. This includes the Risk Committee, the SIPP Committee, the Financial Crime Committee, the Technology & Information Committee, the Compliance Committee, the CASS Committee, the Operations Committee, and the Tenant Onboarding & Oversight Committee.

3.3 Risk Committee

While WealthKernel is not required by MiFIDPRU 7.3.1R to establish a Risk Committee, it has nonetheless established a Risk Committee as a matter of good governance. The primary role of the Risk Committee is to oversee the effectiveness of WealthKernel's Risk Management arrangements, and to ensure WealthKernel remains compliant with applicable laws and regulations as they relate to risk management.

The Risk Committee typically meets monthly and is chaired by the Chief Compliance Officer. Members of the Risk Committee are appointed by the COB. The Risk Committee Terms of Reference include responsibilities for reviewing and overseeing the effectiveness of WealthKernel's Risk Management Framework and the effectiveness of its controls in managing risk.

3.4 SIPP Committee

The primary role of the SIPP Committee is to oversee WealthKernel's SIPP activities and to ensure WealthKernel's SIPP-related business remains compliant with applicable laws and regulations.

3.5 Financial Crime Committee

The primary role of the Financial Crime Committee is to oversee the effectiveness of the Firm-wide Financial Crime Framework, Systems and Controls.

3.6 Technology & Information Committee

The primary role of the Technology and Information Committee (the "Committee") is to assist WealthKernel in driving technology decisions, and to ensure it remains compliant with applicable laws and regulations as well as keeping WealthKernel up to date with advancements in technology and technology changes.

3.7 Compliance Committee

The primary role of the Compliance Committee is to oversee the effectiveness of WealthKernel's regulatory compliance arrangements and to ensure WealthKernel operates in accordance with applicable laws and regulations.

3.8 CASS Committee

The primary role of the CASS Committee is to oversee WealthKernel's compliance with the Financial Conduct Authority's ("FCA's") Client Assets Sourcebook ("CASS"), and to ensure it remains compliant with applicable rules and regulations.

3.9 Operations Committee

The primary role of the Operations Committee is to oversee all aspects of WealthKernel's operational compliance with policies, procedures and applicable laws and regulations.

3.10 Tenant Onboarding & Oversight Committee

The primary role of the Tenant Onboarding and Oversight Committee is to oversee the ongoing management of WealthKernel's Clients ("Tenants") and to ensure they remain compliant with all applicable laws and regulations, as well as within WealthKernel's risk appetite and in accordance with WealthKernel's policies and procedures.

3.11 Diversity, Equality and Inclusion

WealthKernel is committed to creating a diverse, equal and inclusive environment that positively promotes cultural awareness and respect. This is supported through the implementation of policies, training and recognition practices that support its staff. WealthKernel believes that diversity, equality and inclusion are about valuing our differences and continually identifying ways to improve our cultural intelligence, which ultimately leads to better decision-making and better outcomes for WealthKernel, its tenants and customers. A corporate culture in which everyone feels they are included, valued, respected and engaged is fundamental to WealthKernel's values and vision, which underpin everything WealthKernel does.

4. Risk Management – Own Funds, Concentration Risk and Liquidity Risk

The overarching risk management objective is to have a framework in place to minimise the harm that could be caused to clients, WealthKernel and the wider markets. This section covers the risk management objectives and policies for the calculation and composition of WealthKernel's own funds taking into account factors such as concentration risk and liquidity risk.

4.1 MIFIDPRU 4 – Own Funds

WealthKernel must maintain at all times an own funds amount that can absorb the financial effect of material harms that could arise from its activities. Section 4 describes the risk management framework and the steps taken to mitigate risk. The main risks to which WealthKernel is or could be exposed are set out in Section 5. A risk assessment is undertaken to determine appetite for the potential harm or financial loss that could arise as a result of these risks crystallising across short, medium and longer-term events. The ICARA process quantifies the potential financial and non-financial impact to WealthKernel, its clients and the markets of those risks materialising.

In addition, the ICARA takes account of stress testing and scenario analysis to determine whether own funds held are adequate to cover the risks WealthKernel is or may be exposed to including during times of market volatility and/or turndown, an operational event that could affect revenues and profitability, and scenarios that combine a number of key stresses taking place all at the same time – the result of these exercises are used to inform the basis of WealthKernel's calculation of its own funds requirement. Where relevant, WealthKernel uses the ICARA process alongside its Risk Register to record and monitor actions that management are taking to manage risk and/or bring risk back into Risk Appetite. The ICARA process also recognises that risk is not a linear event but can be multi-faceted.

4.2 MIFIDPRU 5 – Concentration Risk

Concentration risk is defined as the risks arising from the strength or extent of a firm's relationships with, or direct exposure to, a single client or group of connected clients. Concentration risks typically arise from financial exposures relating to:

- A limited number of clients from which WealthKernel generates revenues;
- The location and institutions in which WealthKernel deposits or holds client money;
- The institutions where WealthKernel deposits its own money;
- Trading book exposures.

WealthKernel aims to mitigate concentration risk where possible through appropriate diversification techniques and strategies. Concentration risk is monitored through WealthKernel's ongoing risk identification and risk management practices.

4.3 MIFIDPRU 6 – Liquidity Risk

Liquidity risk is generally defined as the risk that a firm, although solvent, either does not have sufficient financial resources available to meet its obligations as they fall due or can only secure such resources at excessive cost. Liquidity risk typically arises if WealthKernel has insufficient cash or other readily realisable financial resources to meet its liabilities as they fall due. To mitigate this risk, WealthKernel holds a minimum level of cash based on its Liquid Assets Threshold Requirement. This is discussed in more detail in section 10.3. Liquidity resources are regularly monitored by the Finance team against forecasted cash balances..

5. Risk Management

5.1 Background

The FCA requires that regulated firms take reasonable care to organise and control their affairs responsibly and effectively with adequate risk management systems¹. To achieve this, WealthKernel has established, implemented and maintains a Risk Management Framework. The overarching

¹ Principle 3, FCA Principles for Business

objective of which is to minimise the risk of harm that could be caused to WealthKernel's clients and customers, WealthKernel itself and the wider markets.

WealthKernel seeks to optimise its performance while remaining within risk appetite and meeting stakeholder expectations. This is achieved through embedding rigorous and consistent risk management processes across the business as well as continually raising risk awareness through training.

The Risk Management Framework underpins WealthKernel's approach to risk identification, mitigation, management and control across the business through the setting of minimum standards and requirements for risk management, risk oversight, risk reporting and control testing. The RMF aims to ensure that WealthKernel manages and controls risks proactively and effectively. It also informs, and is guided by, WealthKernel's objectives and business strategy.

The Board considers risk management and an effective system of internal control to be crucial to the achievement of WealthKernel's success while also safeguarding WealthKernel's interests and the interests of its clients as well as its customers.

5.2 Risk Management Approach

The Board has ultimate responsibility for ensuring that WealthKernel's Risk Management Framework operates effectively.

The key components of WealthKernel's approach to risk management are:

- Governance structure;
- Risk Management Framework;
- Risk Appetite Statements;
- Risk policies – designed to provide guidance to the business in managing risks appropriately;
- Risk identification, measurement and monitoring processes;
- Risk Culture;
- Risk reporting to business and functional management, internal committees and the Board.

It is the role of the Board to set the risk appetite for the Firm, to oversee the Firm's risk management and to satisfy itself that the framework is sound.

5.3 Lines of Defence

For the period under review, WealthKernel operated a two lines of defence model to manage risks with use of external parties where required for assurance purposes.

5.3.1 First Line of Defence

Each business function is responsible for day-to-day risk management activities. Management is responsible for identifying and understanding the full range of risks in their areas and for ensuring those risks are adequately and effectively identified and managed. They are also responsible for monitoring the risk management system and effectiveness of internal controls and for providing confirmation that they have done so through regular reporting to senior management and the Risk Committee/Board.

5.3.2 Second Line of Defence

The second line of defence consists of the Risk and Compliance functions which advise the business, oversee the management of risk and report to the Chief Compliance Officer. The Chief Compliance Officer reports to the Board and, in order to maintain independence, has a dotted reporting line to the Chairman.

5.4 Oversight of Internal Controls

The Board has overall responsibility for WealthKernel's system of internal controls and for reviewing its effectiveness and is supported in discharging this function on a day-to-day basis by Senior Management and the Risk Committee.

The effectiveness of WealthKernel's system of controls is reviewed quarterly. The review covers all material risks and controls including financial, operational and compliance controls and risk management systems.

5.5 Risk Appetite Statements

In pursuing its strategy, WealthKernel has to accept or tolerate exposure to a certain level of risk. In doing so, it is necessary for WealthKernel to ensure those risks are managed within a level and amount that is acceptable commensurate with WealthKernel's financial strength and its risk tolerance. Effective risk management does not imply avoiding all risks at any costs, but rather making informed decisions regarding which risks to pursue and which to avoid in pursuing WealthKernel's objectives. The Risk Appetite Statements ("RAS") approved by the Board set out the level of risk that is acceptable and the level that is not and are used to measure, monitor and report on WealthKernel's risk exposure to the Board and Senior Management.

The RAS are quantitative and qualitative statements that describe the level of risk that WealthKernel is willing to accept and the level it is not. Underpinning the RAS are a set of Key Risk Indicators which include triggers and thresholds that are designed to trigger management action when RAS are close to be reached or exceeded.

5.6 Responding to Risk

The Board empowers management to make decisions and where relevant to actively take on risk with a suitable reward profile where this is within the boundaries outlined in the RAS. This means that risks taken must be well understood and adequately controlled to ensure that the exposure provides sufficient relative benefits. Risks taken must also be consistent with WealthKernel's obligations to its stakeholders, its clients and the wider markets.

Where risk exposure exceeds risk appetite, management is empowered to deal with the exposure in the most effective and efficient manner within the boundaries set by the Risk Management Framework. Management responses [typically, use one or a combination of the following risk management techniques:

- **Transfer** – reduce the impact of the risk through various means of risk transfer, such as insurance purchase or hedging;
- **Avoid** – some risks may be entirely avoided or eliminated through ceasing the activity;
- **Mitigate** – address the causes of the risk and apply controls or other mitigating actions to reduce the likelihood and/or impact of the risk crystallising;
- **Accept** – accept the risk in the knowledge of its nature, and potential quantum, with communication to the Board as appropriate and put in place appropriate monitoring.

5.7 Risk Exposures

WealthKernel categorises risks using a hierarchical risk taxonomy which enables a structured approach to identifying, assessing, recording and monitoring material risk and harms both in isolation and in aggregate. Once categorised, the risk assessment process is used to identify the most significant risks/material harms to:

- The interests of clients ("Risk to Clients") and customers;
- The markets in which WealthKernel operates ("Risk To Markets"); and
- WealthKernel's strategic and business objectives, including the ongoing viability of WealthKernel itself ("Risk to Firm").

WealthKernel's key risks are set out below. Given WealthKernel's business model and strategy taking into account its control environment, the Board has concluded that WealthKernel's overall potential to cause harm to clients and/or markets and/or itself is low.

5.8 Key Risks

WealthKernel's risk taxonomy aligns to the key risks to which it is or may be exposed which in summary are defined as:

Tbl 5.8

Key Risk	Key Risk Definition
Strategic Risk	Any risk arising from changes in the business, including the risk that WealthKernel may not be able to carry out its business plan and desired strategy.
Financial Risk	The risk of loss as a result of credit, market, capital and funding and/or liquidity risk, including counterparty risk
AR Risk	The risk of loss, reputational damage, market or customer harm as a result of the misconduct or failure of an AR
Conduct Risk	Any action of inaction of WealthKernel that leads to customer detriment or negatively impacts the market and the risk that WealthKernel's behaviour will result in poor outcomes for clients/customers
Operational Risk	The risk of loss arising from inadequate or failed internal processes, people and systems or from external events (including legal risk and internal fraud).
Financial Crime Risk	The risks arising from WealthKernel failing to comply with applicable anti-financial crime laws and regulations including those relating to: anti-money laundering, counter-terrorist financing, proliferation financing, anti-bribery and corruption, financial sanctions, trafficking, and anti-facilitation of tax evasion.
People Risk	The risk that WealthKernel fails to provide an appropriate culture; well-being and reward policies; effective leadership; effective talent and succession management; that supports the recruitment and retention of talent. This also incorporates key person risk.
Legal & Regulatory Risk	Legal risk is the risk of loss primarily caused by the actual or alleged failure to meet legal obligations that arise from the rule of law in the jurisdictions in which WealthKernel operates, agreements with clients and customers, and products and services offered by WealthKernel. Regulatory risk is the risk of loss arising from a failure to meet regulatory obligations and/or that a change in laws and/or regulations will materially impact the business and its potential profitability.

5.9 Risk Culture

Risk culture is a critical element in WealthKernel's risk management framework and procedures. The Board considers risk ownership and awareness to be an important part of the effective risk management.

"Doing the right thing" and ethical behaviour is a key driver of WealthKernel's decision-making and its risk culture, its importance is reinforced through WealthKernel's values and demonstrated by Senior Management leading by example and setting an appropriate tone from the top.

6. ICARA process

The Internal Capital Adequacy and Risk Assessment ("ICARA") process is an internal risk management process that a MiFIDPRU investment firm must operate on an ongoing basis. As part of

this process, WealthKernel must consider whether the risk of material potential harms can be reduced through proportionate measures (other than holding additional financial resources) and, if so, whether it is appropriate to implement the measures, for example, through additional internal systems and controls, strengthening governance processes or changing the manner in which it conducts certain business. This may require WealthKernel to form a judgement about what is appropriate and proportionate taking into account the particular circumstances in which the material harm arises and its risk appetite.

As part of its ICARA process, WealthKernel must:

- Have a clearly articulated business model and strategy;
- Have a clearly articulated risk appetite that is consistent with its business model and strategy;
- Identify any material risks of misalignment between its business model and operating model and the interests of its clients and the wider financial markets, and evaluate whether those risks have been adequately mitigated;
- Consider on a forward-looking basis the own funds and liquid assets that will be required to meet the overall financial adequacy rule, taking into account any planned future growth; and
- Consider relevant severe but plausible stresses that could affect WealthKernel's business and consider whether WealthKernel would still have sufficient own funds and liquid assets to meet the overall financial adequacy rule.

WealthKernel conducts an ICARA at least once a year (and more frequently where required). The ICARA process is used to identify whether any material potential harms remain after WealthKernel has implemented its systems and controls to mitigate the risk of harms materialising, and where such harms arise, to ensure that the Firm holds adequate additional own funds and liquid assets or takes other proportionate measures to address those harms.

At a high-level, the ICARA covers:

- Business model assessment and capital and liquidity planning;
- Identification, monitoring and mitigation of harms;
- Stress testing and reverse stress testing
- Recovery actions;
- Wind-down planning and wind-down triggers;
- Assessment of the adequacy of own funds and liquid resources

A key output of the ICARA is the calculation of WealthKernel's own funds threshold requirement and liquid assets threshold requirement. These are the amounts of own funds, and liquid assets WealthKernel needs to hold to comply with the overall financial adequacy rule ("OFAR").

The ICARA is annually reviewed and approved by the Board, or more frequently in the event of material changes to the business or operating environment.

7. Own funds

WealthKernel's own funds are comprised of the sum of its:

- Common Equity Tier 1 capital;
- Additional Tier 2 capital; and
- Tier 2 capital.

WealthKernel's own funds requirement is the highest of its:

- Permanent minimum capital requirement;
- Fixed overhead requirement;
- K-Factor requirement.

7.1 Composition of Own Funds

The table below sets out the composition of own funds which is represented by common equity tier 1 capital, less intangible assets.

Tbl 7.1

Line	Item	Amount (£'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	3,342	a5
2	TIER 1 CAPITAL	3,342	a5
3	COMMON EQUITY TIER 1 CAPITAL	3,342	a5
4	Fully paid up capital instruments	23	a1
5	Share premium	17,124	a2
6	Retained earnings	(13,805)	a4
7	Accumulated other comprehensive income	-	
8	Other reserves	0.6	a3

Amount recognised in Regulatory Capital and Own Funds is that which complies with MIFIDPRU 3.3.1R.

7.2 Reconciliation of Own Funds to the Balance sheet in the Audited Financial Statements

The table below shows the components of the balance sheet shown in the audited financial statements and how they are used to calculate the regulatory capital. This includes the audited profit and loss account for the year ended 31 December 2024.

Tbl 7.2

Figures in (£'000s)			
		a	c
		Balance sheet as in audited financial statements	Cross-reference to template OF1
Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements			
1	Tangible Assets	11	
2	Investments	492	
3	Debtors	443	
4	Current financial assets	2,140	
5	Cash at bank and in hand	443	
6	Total Assets	3,026	
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Creditors (Amounts falling in one year)	(187)	
2	Total Liabilities	(187)	
Shareholders' Equity			
1	Called up share capital	23	4
2	Share premium reserve	17,124	5
3	Share option reserve	0.6	8
4	Retained earnings	(13,805)	6
5	Total Shareholders' equity	3,342	1

7.3 Main Features of the instruments included within own funds

Wealthkernel is required to disclose information on the main features of the CET 1 instruments, Additional Tier 1 instruments and Tier 2 instruments. There were no changes since the last financial year and only CET1 was held. WealthKernel's capital instruments are set out below.

Tbl 7.3

Issuer	WealthKernel
Placement	Private
Instrument Type	Ordinary Shares
Amount Recognised in Regulatory Capital	GBP 23,384
Accounting Classification	Called up Share Capital
Regulatory Classification	Common Equity Tier 1
Perpetual or dated	Perpetual
Dividends	Discretionary (not fixed)

8. Own Funds Requirements

A MiFIDPRU investment firm must at all times maintain its own funds that are at least equal to its own funds requirement ("OFR"). The components of WealthKernel's OFR are set out below. When monitoring capital against the OFR, WealthKernel has set an early warning indicator which is used to ensure that a surplus of capital is maintained at all times in excess of the minimum requirement.

Tbl 8

	MiFIDPRU Rule	£'000
Permanent minimum capital requirement	4.3.2 (1)	745
Fixed Overhead requirement	4.3.2 (2)	209
K-Factors		
Sum of K-AUM, K-CMH and K-ASA		96
Sum of K-COH and K-DTF		3
Sum of K-NPR, the K-CMG and the K-TCD		4
Total K factor requirement	4.3.2 (3)	103
Own Funds Requirement (higher of 1, 2 and 3)		745

WealthKernel is currently under MiFIDPRU Transitional Provisions and calculates its Own Funds Requirements based on this. (MiFIDPRU TP 2: transitional provisions 2,7R; (2a) and (2b) and 2.15)

9. Basic Liquid Assets Requirement

WealthKernel must hold an amount of core liquid assets equal to the sum of:

- One third of the amount of its fixed overhead requirement; and

- 1.6% of the total amount of any guarantees provided to clients.

WealthKernel does not provide guarantees to clients so its basic liquid assets requirement is one third of its fixed overhead requirement.

When assessing its core liquid assets, WealthKernel takes into account any of the following, when denominated in pound sterling:

- Coins and banknotes;
- Short-term deposits in a UK-authorised credit-institution;
- Assets representing claims on or guaranteed by the UK government or the Bank of England;
- Units or shares in a short-term MMF;
- Units or shares in a third country fund that is comparable to a short-term MMF.

10. Approach to Assessing the Adequacy of Own Funds in Accordance with the Overall Financial Adequacy Rule (“OFAR”)

The Overall Financial Adequacy Rule (“OFAR”) requires WealthKernel to hold own funds and liquid assets which are adequate in amount and quality to ensure that:

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

The ICARA process is how WealthKernel assesses its compliance with the OFAR through the level of capital and liquid assets that adequately supports all of the relevant current and future risks in the business.

10.1 Assessment of Own Funds Threshold Requirement (“OFTR”)

The Own Funds Threshold Requirement (“OFTR”) is set through the ICARA process and is the higher of:

- Own Funds Requirement;
- Requirement from ongoing operations; and
- Wind Down requirement.

10.2 Requirement from ongoing operations

The requirement from ongoing operations is based on WealthKernel’s own assessment of the capital it needs to hold to cover the risks of harm to clients, markets and to WealthKernel itself.

Ongoing operations include strategic risk, the operational risk from day-to-day activities, and financial risk. The ICARA methodology is designed to assess the amount of capital needed to meet unexpected financial harm. The ICARA and the underlying methodology is regularly updated and reviewed and approved by the Board.

As part of WealthKernel's risk assessment process, WealthKernel conducts an assessment of the amounts, types and distribution of capital resources it considers is appropriate for the nature and level of risks to which it is or may be exposed. Each risk is assessed to determine how much capital is appropriate for that risk category. Stress testing and scenario analysis is performed in order to inform the requirement from ongoing operations on a forward-looking basis.

In addition, WealthKernel conducts a wind-down analysis which assesses any additional capital or liquid assets required to support an orderly wind-down.

10.3 Assessment of Liquid Assets Threshold Requirement (“LATR”)

WealthKernel is required to hold adequate liquid assets to be viable throughout the economic cycle, and to support an orderly manner. The ICARA sets a minimum level of cash or readily realisable assets, the Liquid Assets Threshold Requirement (“LATR”) that should be held along with a set of early warning indicators over and above that minimum. WealthKernel’s LATR and the amount of liquid resources held is regularly monitored by the Finance Team including any concentration risk and reported to the Board on a quarterly basis.

11. Remuneration

The following disclosures are required under MiFIDPRU 8.6 and should be read in conjunction with WealthKernel’s Remuneration Policy Statement with information on WealthKernel’s remuneration principles, policies and practices. This can be found in the [Policies](#) section of the WealthKernel website.

11.1 Remuneration Policies and Practices

WealthKernel has established, implemented and maintains remuneration policies and practices in line with SYSC 19G. The remuneration policies and practices cover all aspects of remuneration and all staff.

WealthKernel’s remuneration arrangements are designed to retain, reward and attract staff who are important to its long-term success, avoid conflicts of interest, and be:

- Gender-neutral;
- Consistent with promoting sound and effective risk management;
- In line with WealthKernel’s business strategy, objectives and long-term interests;
- Responsible, encouraging good business conduct;

- Consistent with promoting risk awareness and prudent risk taking;
- Aligned with ensuring good retail customer outcomes are achieved.

WealthKernel operates a common remuneration approach for all staff based on fixed remuneration. WealthKernel does not currently pay discretionary or guaranteed bonuses. The level of fixed remuneration paid reflects the relevant individuals skills, experience, role and responsibilities. Members of the Board who do not perform executive functions are not paid variable remuneration.

a. Remuneration Components

Tbl 11.2

Fixed/Variable	Component	Objective
Fixed	Base Pay	Attract and retain staff with the personal attributes, skills and expertise required to deliver the long-term value for clients and stakeholders
Fixed	Benefits	Offer competitive retirement and/or pension arrangements that allow staff to build wealth, are aligned with the Firm's risk appetite, are cost-effective and tax efficient

b. Governance and Oversight

The Board is responsible for overseeing WealthKernel's remuneration arrangements and regularly reviews WealthKernel's remuneration policies and practices with input from other business functions including human resources, risk and compliance.

At least once a year, WealthKernel conducts a central and independent review of whether the implementation of its remuneration policies and practices are consistent with the MiFIDPRU Remuneration Code Rules set out in SYSC 19G.

c. Material Risk Takers

WealthKernel regularly undertakes an assessment of staff identified as Material Risk Takers (that is, members of staff whose professional activities have a material impact on WealthKernel's risk profile). During the 2024 financial year, WealthKernel had a total of seven individuals identified as Material Risk Takers.

d. Application of the Remuneration Code

i. Fixed and Variable Remuneration

WealthKernel ensures staff are paid a total compensation package which is commensurate with their role, responsibilities, skills, knowledge and experience. Staff reward packages are based on fixed remuneration. While WealthKernel does not currently pay variable remuneration, it may do so in the future at its discretion.

ii. Guaranteed Variable Remuneration

WealthKernel does not currently award guaranteed variable remuneration.

iii. Retention Awards

WealthKernel does not pay retention awards.

iv. Severance Pay

Should WealthKernel make any awards of severance pay relating to an early termination of a contract, such payments will reflect the individual's performance over time. WealthKernel does not reward failure or misconduct.

v. Buy-Out Awards

WealthKernel does not compensate staff through buy-out awards.

vi. Shares, instruments and alternative arrangements

Staff and Board members may be awarded share options in WealthKernel at the Board's discretion.

vii. Deferral

Any variable remuneration offered or paid is on a deferred basis.

viii. Discretionary Pension Benefits

Should WealthKernel make any payments of discretionary pension benefits, these will always be in line with its business strategy, objectives, values, long-term interests; will only be paid in eligible instruments; and will be subject to malus and clawback arrangements.

ix. Avoidance of the Remuneration Code

Staff are not permitted to use personal hedging strategies or remuneration and liability-related contracts of insurance to undermine the remuneration rules in the MIFIDPRU Remuneration Code. Staff must attest that they have not engaged in such behaviour at least annually.

e. Control Functions

Staff engaged in control functions:

- Are independent from the business units they oversee;
- Have appropriate authority; and
- Are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the areas of the business they control.

The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the Board.

f. Quantitative Remuneration Disclosures

In respect of the 2024 performance year, seven individuals have been identified as Code Staff under the MIFIDPRU Remuneration Code rules.

The aggregate remuneration for Senior Managers, Material Risk Takers and other staff is set out below (all figures are in GBP):

Tbl 11.7

	Material Risk Takers (Senior Management)	Material Risk Takers (Other Staff)	Non-Material Risk Takers -All Other Staff	Total
Number of Staff	4	3	42	49
Total Fixed Remuneration	196,299.00	348,514.00	2,165,864	2,710,677.00
Total Variable Remuneration	110,000.00	240,000.00	44,500	394,500.00
- of what, awarded in cash	0	0	0	0
- of what, awarded in non-cash	110,000.00	240,000.00	44,500	394,500.00
Proportion of total variable remuneration deferred	100%	100%	100%	100%

Total Severance Payment	0	0	0	0
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