London Treasury

London Treasury Limited

MIFIDPRU 8 Disclosure

2026

London Treasury Limited is registered in England and Wales under number 11035820 at First Floor, 330 Holborn Gate, 326-332 High Holborn, London WC1V 7QH. Authorised and regulated by the Financial Conduct Authority, reference number 814517. London Treasury Limited is a subsidiary of the Greater London Authority.

1. Introduction

1.1. London Treasury Limited ('LTL') is a UK investment management firm, authorised and regulated by the Financial Conduct Authority ('FCA'), undertaking activities that fall within the scope of the UK Markets in Financial Instruments Directive ('MIFID'). LTL is subject to the prudential requirements of the Investment Firms Prudential Regime ('IFPR'), which is contained within the MIFIDPRU Prudential Sourcebook for MIFID Investment Firms of the FCA Handbook.

1.2. LTL undertakes both FCA-regulated and unregulated activities specifically for UK local authorities and other public sector entities and is a wholly owned, arms-length subsidiary of the Greater London Authority ('GLA'), a statutory corporation established in 2000 under the Greater London Authority Act 1999.

1.3. LTL operates on a cost recovery basis, with its operating expenses covered from the investment management fees it receives for the regulated activities it provides to the London Treasury Liquidity Fund LP ('LTLF'), from the GLA for its unregulated activities and from a recharge for executive resources LTL provides to Funding London Limited.

1.4. Historically, the firm has had de-minimis capital requirements as, under agreed terms, LTL has utilised the GLA's and Transport for London's ('TfL') resources including office accommodation, IT hardware and systems. However, in late 2025, LTL transitioned to its own office space and IT solution which is reflected in its capital requirements going forward. The accounting of LTL is carried out on a non-consolidated basis. LTL is a private limited company, incorporated in England and Wales under number 11035820.

2. Basis Of Disclosure

2.1. Under the IFPR, a MIFIDPRU investment firm is required to publish disclosures on an individual firm basis in accordance with the rules set out in MIFIDPRU 8.

2.2. LTL is classified as a non-small and non-interconnected ('non-SNI') FCA investment firm and is subject to the standard requirements of MIFIDPRU. LTL is required to provide a level of detail in its disclosures that is

appropriate to its size and internal organisation, and to the nature, scope, and complexity of its activities.

2.3. This MIFIDPRU 8 disclosure is published on an annual basis and is based on the financial position as at LTL's year end, 31 March. The disclosures are required to be published on the date of publication of the annual financial statements.

3. Validation and Approval

3.1. These disclosures have not been audited by LTL's external auditors, do not constitute any form of audited financial statement and have been produced solely for the purpose of public disclosure requirements and are not used by management for any other purpose. These disclosures should not be relied upon in making assessments or judgements about LTL.

3.2. These disclosures have been subject to internal review and oversight as part of LTL's governance.

3.3. The included disclosures are:

- Risk Management Objectives and Policies
- Governance Arrangements
- Own Funds
- Own Funds Requirements
- Remuneration Policy and Practices

RISK MANAGEMENT OBJECTIVES AND POLICIES

4. Overview

4.1. The FCA requires that a regulated business takes reasonable care to organise and control its affairs responsibly and effectively with adequate risk management systems. To do this, LTL has implemented a Risk Management Framework ('RMF').

4.2. The RMF underpins LTL's approach to risk and control across the organisation. The corporate governance and internal control arrangements in place are designed to mitigate and manage risks to a level acceptable to LTL. The Board considers risk management and an

effective system of internal control to be vital to achieving the firm's objectives and safeguarding the interests of both LTL and its clients.

4.3. The RMF sets out the standards and requirements for risk management, risk oversight and risk assurance at LTL and aims to ensure that LTL manages and controls its risks effectively. It also informs, and is directed by, LTL's business strategy to which risk management considerations are integral.

4.4. The RMF has been agreed and approved by the Board, with its implementation and operation being the responsibility of the Executive Committee ('ExCo').

5. Three Lines of Defence

5.1. LTL operates a 'three lines of defence' governance model as described below. This ensures clarity over responsibility for risk management, risk oversight and risk assurance. It ensures segregation of duties between those who take on risk, those who oversee risk and those who provide assurance.

5.2. **First Line of Defence.** The heads of each business area and department have day-to-day ownership and responsibility for the identification and management of risks and controls across the processes they operate. Staff responsibilities are clearly set with appropriate segregation of duties. LTL seeks to employ experienced, skilled and knowledgeable individuals, and promotes a culture of continuing professional development.

5.3. **Second Line of Defence.** The Risk and Compliance function provides advice, support, oversight and independent assurance that risk management policies and procedures are operating effectively and efficiently and that risk exposures are managed within the risk appetite set by the Board. On at least an annual basis, the Chief Risk Officer ('CRO') assesses the effectiveness of the firm's RMF and reports conclusions and any required actions to the Board.

5.4. **Third Line of Defence.** The Internal Audit function is responsible for the independent verification of the design and operation of the controls established by the first and second lines of defence. LTL's model for internal audit assurance is delivered through an outsourced model where

all internal audit services are provided by GLA Group Internal Audit, which is discharged by the Mayor's Office for Policing and Crime ('MOPAC'), one of the GLA's functional bodies. The Internal Audit function provides the senior management and the Board with an independent assessment of the effectiveness of elements of the RMF on a periodic basis.

6. Risk Appetite

6.1. LTL's Risk Appetite Statement defines the level and type of risk that LTL regards as appropriate and is prepared to accept in the pursuit, and achievement, of its strategic objectives and business strategy, taking into account the interests of its clients, shareholder and stakeholders, as well as capital and other regulatory requirements. LTL's appetite for risk forms part of the basis against which business and financial decisions are taken. LTL has a fairly conservative appetite for risk and seeks to manage its risks through effective processes and controls.

6.2. LTL's approach to risk appetite, including the risk appetite statement and key risk indicators ('KRIs'), is subject to annual review and approval by the Board and forms part of the annual Internal Capital Adequacy and Risk Assessment ('ICARA') review and approval process. The risk appetite statement and KRIs are also updated where required between annual reviews to ensure their continued relevance following changes in underlying assumptions, such as market conditions, business structures and capacity.

6.3. LTL's Board determines the business strategy and risk appetite of the company, focussing on the main areas of operational and business risk, and having regard to relevant laws and regulatory requirements. The ExCo meets on a regular basis to discuss key business issues, including current projections for profit, cash flow, regulatory capital management, business planning and risk management.

7. Own Funds Requirements

7.1. LTL must at all times maintain own funds that are at least equal to its Own Funds Requirement ('OFR'). The OFR for LTL is the highest of its:

- Permanent Minimum Capital Requirement ('PMR')
- Fixed Overheads Requirement ('FOR'), and

- K-Factor Requirement ('KFR')

7.2. Based on its activities, the only K-Factor requirement applicable to LTL is the K-AuM, which is calculated on the basis of the assets under management ('AUM') of a MIFIDPRU investment firm in accordance with MIFIDPRU 4.7 of the FCA Handbook.

7.3. The FOR is determined from the relevant annual expenditure incurred by LTL during the previous financial year. LTL is a small company and therefore typically will not have significant changes in its relevant annual expenditure.

7.4. LTL receives regular cash flow forecasts from the limited partners participating in LTLF and is therefore able to assess any impact a significant increase or reduction of AUM will have on its KFR and OFR.

8. Concentration Risk

8.1. Concentration risk may arise where LTL's earnings are overly reliant on one or more large client relationships or the ongoing success of particular investment strategies. LTL's earnings come from the investment management fees received from LTLF for its regulated activities, from the GLA for its unregulated activities and a recharge from Funding London for the executive resources provided to it by LTL.

8.2. LTL is committed to increasing the number of limited partners in LTLF, thereby reducing the concentration risk of a significant limited partner on its investment management fee income. The Board has concluded that, whilst it is currently dependent on the income it receives from the GLA, the limited level of diversification of income does not represent an unacceptably high level of concentration risk.

8.3. In addition, concentration risk may arise if LTL's own cash is overly exposed to one counterparty. The Finance team manages the cash positions, and the Investment team provides oversight on the credit quality of the counterparties used, with any changes escalated to management. Overall, the diversification applied to LTL's cash does not result in an excessive level of concentration risk.

9. Liquidity Risk

9.1. Liquidity risk could arise from LTL being unable to settle its financial obligations when they fall due. LTL has a low appetite for liquidity risk.

9.2. LTL's business model is not complex in relation to liquidity risk. In particular, the income and expenditure from its business activities are generally consistent from month-to-month and can be forecast with reasonable accuracy.

9.3. LTL monitors liquidity risk through ongoing cash flow forecasting and oversight of its cash positions, which are typically held in liquid assets, including cash, units or shares in short-term regulated money market funds, short-term UK Government Treasury Bills and short-term deposits at UK credit institutions. In addition, stressed scenarios are periodically reviewed to ensure that sufficient resources are always maintained.

9.4. LTL maintains liquid resources which are adequate both in amount and quality to ensure that the FCA's Overall Financial Adequacy Rule ('OFAR') is met and there are no significant risks that liabilities cannot be met in full as they fall due.

GOVERNANCE ARRANGEMENTS

10. Board of Directors

10.1. LTL's Board of Directors (the 'Board') is composed of four Non-Executive Directors and one Executive Director. The Chair of the Board is one of the Non-Executive Directors.

10.2. As at 31 March 2026, the number of directorships held by each Board Member was as follows:

Board Member	Role	Directorships Held
Sir Harvey McGrath	Non-Executive Director & Chair	5
Nadege Genetay	Non-Executive Director	3
Luke Webster	Non-Executive Director	4
Ian Williams	Non-Executive Director	3
Maggie Rodriguez-Piza	Executive Director	5

10.3. The Board is responsible for LTL's overall strategic aims and objectives, risk appetite and strategy and internal governance arrangements. It approves

and oversees LTL's policy framework and business plan and has oversight of internal control systems and risk management processes.

10.4. The Board is also responsible for ensuring the integrity of LTL's accounting and financial reporting systems, including financial and operational controls, ensuring compliance with the requirements of the regulatory system, assessing the adequacy of policies relating to the provision of services to clients, and providing oversight of LTL's senior management. To fulfil its responsibilities, the Board meets on a quarterly basis and ad-hoc when required.

10.5. The Board has formed two sub-committees of the Board, the Remuneration Committee ('RemCo') and the ExCo, and has delegated certain functions to these committees. Additionally, the ExCo has formed an Investment Committee ('IC') to assist it in its operational activities.

11. Remuneration Committee

11.1. The RemCo operates under delegated authority from the Board. Its purpose is to provide oversight of LTL's remuneration strategy and policy and to make recommendations to, and decisions on behalf of, the Board on the remuneration of directors and employees as required.

11.2. The RemCo has regard to the principles of good corporate governance and the FCA's requirements, including the application of the MIFIDPRU Remuneration Code, as well as the Mayoral Decision-Making in the GLA Framework.

11.3. The current membership of the RemCo is the Chair and all Non-Executive Directors of LTL and the Chief Finance Officer of the GLA. LTL's Executive Director has a standing invite to all meetings of the RemCo and attends in an advisory capacity.

12. Executive Committee

12.1. The ExCo operates under delegated authority from the Board. Its purpose is to provide oversight of the operational activities of LTL and act as the collective decision-making authority for all matters delegated to it by the Board.

12.2. The ExCo reviews all areas of LTL's business activities and provides the Board with insight into its day-to-day operations. Through formal

meetings, the ExCo ensures transparency of decision-making and facilitates information-sharing, open discussion and constructive challenge.

12.3. The current membership of the ExCo is the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Chief Risk Officer.

13. Investment Committee

13.1. The IC is a sub-committee of, and has been established and authorised by, the ExCo. Its purpose is to provide challenge, oversight and approval to certain aspects of the investment management process and activities of LTL and make recommendations to LTLF GP Limited or the Limited Partners Advisory Committee ('LPAC') as required.

13.2. The IC reviews the policies and procedures that ensure the investment management process is robust and suitably designed for the size, nature and complexity of LTL's investment activities and clients. The IC also reviews the investment management process to ensure that the LTLF investment strategy, objectives and benchmark are appropriately delivered.

13.3. Membership of the IC is composed from representatives from ExCo and the senior management team. Two investor representatives and an independent representative participate in certain of the IC meetings in an observer capacity only.

14. Risk Committee

14.1. LTL does not have a risk committee and is not subject to the requirements under MIFIDPRU 7.3.1R to establish one.

15. Promoting Inclusion and Diversity

15.1. The Board recognises the importance of diversity in its membership and appointments are based on merit, measured against objective criteria and the skills and experience the individual can bring to the Board. LTL has adopted the GLA's Diversity and Inclusion arrangements, of which the objective is to promote equality and fairness to everyone at LTL.

15.2. As a subsidiary of the GLA, LTL follows its ultimate parent's drive to be an employer that represents the diversity found in London as a whole. Being a

smaller firm in a larger institution, LTL does not have specific targets but is mindful of the wider GLA strategy and reviews the composition of the company and the diversity of the team from time to time to assess how it compares to the GLA. Additionally, LTL implements actions to address areas where it wishes to see improvement.

OWN FUNDS

16. Composition of Regulatory Own Funds

16.1. LTL's own funds comprise exclusively CET 1 capital as per the following table:

Composition of Regulatory Own Funds as at 31 March 2026			
	Item	**Amount (£ 000's)**	**Source Based on Reference Numbers of the Balance Sheet in the Audited Financial Statements**
1	**OWN FUNDS**	**2,169**	
2	**TIER 1 CAPITAL**	**2,169**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**2,169**	
4	Fully paid up capital instruments	1,125	Note 12
5	Share premium		
6	Retained earnings	1,044	Note 13
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		
19	CET1: Other capital elements, deductions, 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, 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, adjustments		

17. Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

17.1. The table below reflects the reconciliation with own funds in the balance sheet as at 31 March 2026, where assets and liabilities have been broken out by their respective classes:

Reconciliation with Own Funds in the Balance Sheet as at 31 March 2026		
Item		**Balance sheet as per audited financial statements (£ 000's)**
Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements		
1	Fixed Assets	46
2	Trade and other receivables	770
3	Stock and Investments	1,079
4	Cash and cash equivalents	1,048
Total Assets		**2,943**
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements		
1	Trade and other payables	625
2	Tax payable	149
Total Liabilities		**774**
Shareholders' Equity		
1	Called up share capital	1,125
2	Retained Earnings	1,044
Total Shareholders' Equity		**2,169**
Own funds - main features of own instruments issued by the firm		
Issuer		LTL
Public or private placement		Private
Prudential classification		Common Equity Tier 1
Instrument type		Ordinary share
Amount recognised in regulatory capital as at most recent reporting date		1,125
Nominal amount of instrument		1,125
Accounting classification		Called up share capital
Original date of issuance		
Perpetual or dated		Perpetual

OWN FUNDS REQUIREMENTS

18. Compliance with Own Funds Requirement

18.1. LTL must at all times maintain own funds that are at least equal to its OFR, which for LTL is the highest of its:

- Permanent Minimum Capital Requirement ('PMR')
- Fixed Overheads Requirement ('FOR'), and
- K-Factor Requirement ('KFR')

Own Funds Requirements as at 31 March 2026	**GBP 000's**
Permanent Minimum Capital Requirement	75
Fixed Overheads Requirement	1,072
K-Factor Requirement (K-AuM) *	587
* LTL has assessed the KFR and determined that the only K-Factor that is applicable to LTL's business is K-AuM.	

19. The Overall Financial Adequacy Rule

19.1. LTL is required to hold adequate financial resources for the business it undertakes to achieve two key outcomes:

- to enable LTL to remain financially viable throughout the economic cycle, with the ability to address any potential material harms that may result from its ongoing activities (in relation to both its regulated activities and unregulated activities); and
- to enable LTL to conduct an orderly wind-down while minimising harm to consumers or to other market participants, and without threatening the integrity of the wider UK financial system.

19.2. LTL uses its ICARA process to identify whether it complies with the OFAR. The focus of the ICARA is on identifying and managing risks that may result in material harms, to ensure LTL has appropriate systems and controls in place to identify, monitor and, where proportionate, reduce all potential material harms that may result from the ongoing operation or the winding down of its business and holds financial resources that are adequate for the activities it undertakes.

19.3. LTL's ICARA process includes an assessment of the levels of own funds and liquid assets LTL must hold to comply with the OFAR. Depending on the nature of the potential harms identified, the only option to manage them and to comply with the OFAR is for LTL to hold additional own funds or additional liquid assets above its OFR or BLAR.

19.4. The ICARA process sets out LTL's assessment of risks and harms arising from ongoing business operations and in a wind down scenario. A key output of this assessment is the calculation of LTL's Own Funds Threshold Requirement ('OFTR') and Liquid Assets Threshold Requirement ('LATR'). These are the amounts of own funds and liquid assets LTL needs to hold to address any potential residual impacts and to comply with the OFAR.

19.5. The outcome of the ICARA is formally reviewed, challenged and approved by the Board on at least an annual basis, or more frequently in the event of material changes to the business or operating environment. LTL provides periodic information from the ICARA process to the FCA by completing various regulatory returns, including submission of the annual MIF007 ICARA questionnaire.

19.6. The results of LTL's ICARA process demonstrate that it complies with the OFAR and holds sufficient own funds and liquid assets. LTL also has adequate financial resources to wind the business down in an orderly manner.

REMUNERATION POLICY AND PRACTICES

20. Remuneration Governance

20.1. The RemCo operates under formal terms of reference and is responsible for providing oversight of LTL's remuneration strategy and making recommendations to, and decisions on behalf of, the Board on the remuneration of Directors and employees of LTL, as required. The RemCo is also responsible for setting and overseeing the implementation of the Remuneration Policy, including LTL's remuneration philosophy and remuneration principles.

20.2. The RemCo regularly reviews the Remuneration Policy to ensure that it remains appropriate and to ensure that LTL's remuneration arrangements include measures to avoid or manage conflicts of interest, are consistent with LTL's risk profile and regulatory obligations and are in line with its cultural principles.

21. Remuneration Philosophy

21.1. LTL's philosophy and approach to remuneration seeks to support its aims of delivering exemplary investment performance and treasury

management services to its clients. All Directors and employees are expected to contribute positively to LTL, client outcomes, and to wider stakeholders.

22. Remuneration Principles

22.1. The objectives of LTL's remuneration principles are to:

- promote sound and effective risk management in the long-term interests of LTL and its clients;
- limit risk-taking and avoid conflicts of interest;
- ensure alignment between risk and individual remuneration;
- support positive behaviours and a healthy firm culture;
- encourage responsible business conduct;
- discourage behaviour that can lead to misconduct and poor customer outcomes;
- align employee's interests with the firm's long-term strategy and objectives; and
- be gender neutral, in line with the Equality Act 2010.

22.2. All employees receive fixed remuneration in the form of base salary. LTL does not pay discretionary variable remuneration in any form.

22.3. Directors receive a fixed service fee under a service contract.

22.4. Employees are assessed under LTL's performance management process on an ongoing basis, with an annual performance assessment outcome being used as a contributing factor in the determination of remuneration.

23. Material risk takers

23.1. LTL defines its Material Risk Takers ('MRTs') in line with the definitions provided by SYSC 19G and associated guidance. Those MRTs are senior management, senior individuals within control functions and, where relevant, individuals whose professional activities are deemed to have a material impact on LTL's risk profile or the assets LTL manages.

23.2. As at 31 March 2026, LTL had nine MRTs, including senior management, as identified under SYSC 19G.5.

24. Quantitative disclosures

24.1. For the financial year ended 31 March 2026, the total amount of remuneration awarded was £2,652,801 in the form of fixed remuneration only. LTL does not pay variable remuneration in any form.

24.2. As set out in the quantitative disclosure rules within MIFIDPRU 8.6.8R, LTL has categorised the remuneration information required to be disclosed by senior management, other MRTs and other staff.

	Senior Management (£ 000s)	Other MRTs (£ 000s)	Other Staff (£ 000s)
Fixed Remuneration	751	0	1,902
Variable Remuneration	0	0	0
Total Remuneration	**751**	**0**	**1,902**

24.3. LTL has not made any guaranteed variable remuneration awards during the financial year.

24.4. LTL has not awarded any severance payments to MRTs during the financial year.

INVESTMENT POLICY

25. LTL Investment Policy

25.1. LTL meets the conditions under MIFIDPRU 7.1.4R and as such does not disclose information relating to its investment policy.

MEDIA AND LOCATION

26. Disclosure Availability

26.1. This MIFIDPRU 8 Disclosure is published on LTL's website at www.londontreasury.org and is available from LTL's registered office on request.

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