

Russell Investments Implementation Services Limited  
31 December 2022

Composition of regulatory own funds		
	Item	Amount (GBP thousands)
<b>1</b>	<b>OWN FUNDS</b>	<b>6,048</b>
<b>2</b>	<b>TIER 1 CAPITAL</b>	<b>6,048</b>
<b>3</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>6,048</b>
4	Fully paid up capital instruments	750
5	Share premium	
6	Retained earnings	3,955
7	Accumulated other comprehensive income	
8	Other reserves	1,343
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 and adjustments	
<b>20</b>	<b>ADDITIONAL TIER 1 CAPITAL</b>	<b>-</b>
21	Fully paid up, directly issued capital instruments	
22	Share premium	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	
24	Additional Tier 1: Other capital elements, deductions and adjustments	
<b>25</b>	<b>TIER 2 CAPITAL</b>	<b>-</b>
26	Fully paid up, directly issued capital instruments	
27	Share premium	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	
29	Tier 2: Other capital elements, deductions and adjustments	

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Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements			
		a	c
		Balance sheet as in audited financial statements	Cross-reference to Own Funds
		As at 31 December 2022	
<b>Assets</b>			
1	Debtors: > One Year	5,391	
2	Cash	2,358	
3	<b>Total Assets</b>	<b>7,749</b>	
<b>Liabilities</b>			
1	Creditors < One Year	1,669	
2	Creditors > One Year	32	
3	<b>Total Liabilities</b>	<b>1,701</b>	
<b>Shareholders' Equity</b>			
1	Called up share capital	750	Own Funds – 4
2	Other Reserves	1,260	Own Funds – 8
3	Contributed Surplus	83	Own Funds – 8
4	Retained earnings	3,955	Own Funds – 6
5	<b>Total Shareholders' equity</b>	<b>6,048</b>	Own Funds – 1,2,3

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Own funds: main features of own instruments issued by the firm
<p>Allotted, called up and fully paid share capital: 750,000 Ordinary Shares of £1.00 each.</p> <p>Retained earnings of £3,955,206.</p>

Own funds requirement for non-SNI firm (MIPRU 4.3.2)	Permanent minimum capital requirement (PMR) (GBP Thousands)	Assessment A - ongoing operations capital requirement (GBP Thousands)	Assessment B - orderly wind down capital requirement (GBP Thousands)
Permanent minimum capital requirement (PMR)	75		
Fixed Overhead Requirement (FOR)			1,445
K-Factor Capital		478	
K-AUM		478	
K-COH		-	
K-CMH		-	
K-ASA		-	
K-NPR		-	
K-CMG		-	
K-TCD		-	
K-DTF		-	
K-CON		-	
ASSESSMENT A (additional capital for ongoing risks)		1,887	
ASSESSMENT B (additional capital for orderly wind down)			955
Overall financial adequacy threshold requirement (OFAR is higher of PMR or Assessment A or B)	75	2,365	2,400
110% of the overall financial threshold requirement			2,640
Capital held			4,446
SURPLUS / (DEFICIT)			1,806

# Russell Investments Implementation Services Limited

## 31 December 2022

Russell Investments Implementation Limited (RIISL) has considered its own funds and liquid assets and determined that they are adequate, both in their amount and in their quality to ensure that:

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

c)

Our approach to assessing our adequacy of Own Funds is through the development of our ICARA process, which was prepared in accordance with the Company's audited accounts for the financial year ended 31 December 2022 and reviewed and approved by the board on 27 March 2023.

The ICARA process is linked to RIISL's overall risk management, business planning and capital management, with each of these components informing the others. Capital planning takes place annually together with our financial forecasting process.

The ICARA is developed with a focus on the potential material harms that may arise:

1. from the ongoing operation of our business; and
2. during a wind-down of our business.

Furthermore, we use the ICARA to identify whether we comply with the overall financial adequacy rule under IFPR, which in turn allows us to determine our own funds threshold requirement and liquid assets threshold requirement under IFPR.

The ICARA sets out the key conclusions and principles of RIISL's process, including:

- Our assessment of the risk of harm posed to our consumers and the markets
- The safety and soundness of RIISL's current financial position and ability to withstand plausible stressed conditions
- The amount of capital and liquidity RIISL has determined it must hold and confirmation that RIISL has adequate financial resources given its size and complexity
- An overview of our risk management framework and governance structure and an assessment of the adequacy of these
- RIISL's material risks, and determination of whether these risks fall within our risk appetite
- Our capital planning and stress testing process
- Our business model, strategic planning, and earnings forecasts
- RIISL's costed recovery and wind down plan
- The review, challenge, and approval process of the ICARA