

**REDDING RIDGE ASSET MANAGEMENT (UK) LLP**  
**PUBLIC DISCLOSURE STATEMENT**  
**YEAR ENDING 31 DECEMBER 2022**

**1. INTRODUCTION**

**1.1 Purpose**

Redding Ridge Asset Management (UK) LLP (FRN 768961) (the "**Firm**") is authorised and regulated by the Financial Conduct Authority (the "**FCA**"). The Firm is part of the Redding Ridge Group (the "**Group**"), which is an investment adviser specialising in leveraged loans and collateralised loan obligation management. The Firm is an affiliate of Apollo Global Management, Inc ("**AGM**" and, together with its subsidiaries, "**Apollo**").

This document (the "**Disclosure Statement**") sets out the information the Firm is required to disclose annually under chapter 8 of the MIFIDPRU Sourcebook in the FCA Handbook of Rules and Guidance. All information is as at the date on page 1 unless otherwise indicated.

**1.2 Scope**

The information in this Disclosure Statement relates to the Firm on an individual basis, i.e., it does not concern any other Apollo or Group entities.

Unless otherwise noted, the information contained in this Disclosure Statement has not been audited by the Firm's external auditors and does not constitute any form of financial statement and should not be relied upon in making any judgment on the Firm.

**2. GOVERNANCE ARRANGEMENTS**

**2.1 Role of the Management Committee**

The Firm is governed by its Management Committee. The Firm is required to ensure that the Management Committee defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Firm, including the segregation of duties in the Firm and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients.

The Firm seeks to achieve this through several means, including:

- through adopting an appropriate process for appointments to the Management Committee;
  - processes for the functioning of the Management Committee, including reporting of management information on risks the Firm is or might be exposed to, or the Firm poses or might pose to others;
  - obligations under the FCA Senior Managers and Certification Regime, as part of which certain senior members of staff ("**Senior Management Function-holders**") are required to be approved by the FCA and a number of other members of staff are required to be certified by the Firm as fit and proper to perform their roles;
  - legal obligations applicable to members of the Management Committee under the Limited Liability Partnership Regulations 2001 and fiduciary and agency law;
  - policies and procedures, including in particular the Firm's compliance manual, conflicts of interest policy, remuneration policy, and its policies on personal account dealing and market [abuse // conduct];
  - its approach on the suitability of the management body, which seeks to ensure that:
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- individually, the members of the Management Committee are of sufficiently good repute, possess sufficient knowledge and experience to perform their duties, commit sufficient time to the role and demonstrate honesty, integrity and independence of mind; and
- the Management Committee as a whole possesses adequate collective knowledge, skills and experience to understand the Firm's activities, including the main risks and reflect an adequately broad range of experiences; and
- the appointment of legal and accounting advisers and compliance consultants and other advisers as required from time to time;

## 2.2 Composition of the Management Committee

The members of the Firm's Management Committee are set out in the following table, together with the number of additional directorships held by each member, excluding directorships: (i) held in organisations which do not pursue predominantly commercial objectives; or (ii) in entities within the Group or in entities in which the Firm holds a qualifying holding.

Name	Number of additional directorships (executive and non-executive)
Alan Kelly	0
Tristram Leach	0
Bhavin Patel	0
James Galowski	0

## 2.3 Diversity of the Management Committee

The Firm is committed to promoting diversity and equal opportunities for staff throughout the Firm, including on its Management Committee. The Firm believes that diverse and inclusive teams help us achieve our corporate objectives, and this informs the Firm's recruitment and retention strategies, both across the organisation as a whole and at the level of the Management Committee.

All appointments are made on merit against objective criteria, and with regard to the individual's knowledge, skills and experience and the combined knowledge, skills, experience and diversity of the Management Committee as a whole.

## 2.4 Risk governance

The Firm has well-established risk management processes to identify, assess, monitor, manage and mitigate operational risks facing the business as well as those associated with the Firm's activities. The risk management process is provided as part of the Apollo Administrative Services and overseen by a dedicated risk team, with the Management Committee taking overall responsibility for this process, the fundamental risk appetite of the Firm, and maintaining an appropriate internal control framework. The Apollo Administrative Services Compliance team, along with the Risk Function, Finance, Human Capital and senior management, under the supervision of the Management Committee and assisted as required by the Credit Committee and Structured Credit Committee, have responsibility for the implementation and enforcement of the Firm's risk principles.

The Firm is not required to maintain a Risk Committee. Nonetheless, the Firm's Management Committee is supported in its responsibility for managing the risks inherent in the Firm's activities by its Global Risk Committee (which is responsible for overseeing the Firm's risk management framework, and for reporting to the Firm's Management Committee on all material risks).

## 3. RISK MANAGEMENT OBJECTIVES AND POLICIES

### **3.1 Potential for harm associated with the Firm's business strategy**

The Firm is willing to take risks on new products to achieve growth and meet the members' expectations of profitability over the long-term, while maintaining the Firm's financial resilience. The Firm will only engage in activities that are aligned to its desired risk profile and long-term strategy.

The level of detail of information in this Disclosure Statement is consistent with this proportionality assessment.

### **3.2 Strategies and processes used to manage risks addressed by own funds and liquid assets requirements**

#### *Basic Own Funds Requirement and Basic Liquid Assets Requirement*

The Firm is subject to a Basic Own Funds Requirement and a Basic Liquid Assets Requirement.

The Firm's Basic Own Funds Requirement is the higher of (i) a permanent minimum own funds requirement, (ii) one quarter of its preceding year's fixed overheads (its fixed overheads requirement, or "**FOR**") and (iii) a 'K-factor' requirement ("**KFR**") (a percentage scalar applied to its assets under ongoing advice).

The Firm's Basic Liquid Assets Requirement is the sum of one third of its FOR.

Details of the Firm's own funds are set out at Schedule 1.

Details of the Firm's Basic Own Funds Requirement are set out at Schedule 2.

#### *Overall Financial Adequacy Rule*

The Firm must at all times comply with the overall financial adequacy rule (the "**OFAR**"). This requirement, which supplements the Firm's Basic Own Funds Requirement and Basic Liquid Assets Requirement, requires the Firm to hold sufficient own funds and liquid assets to:

- ensure it can remain viable throughout the economic cycle, with the ability to address any potential harm the Firm's ongoing activities might cause to its clients and counterparties, the markets in which it operates and the Firm itself; and
- allow its business to wind-down in an orderly way, minimising harm to clients and counterparties and to other market participants.

#### *The Internal Capital Adequacy and Risk Assessment*

The Firm uses an internal capital adequacy and risk assessment ("**ICARA**") process to identify whether it is complying with its OFAR and, if it is not, to identify what steps it should take to remedy this.

The focus of the ICARA process is on identifying and managing risks that may result in material harms to clients and counterparties, the markets in which the Firm operates and the Firm itself, measuring the effectiveness of the Firm's strategies to monitor and mitigate those harms, and determining whether additional own funds and/or liquid assets are required to mitigate any residual risks.

The FCA recognises that the risk of some material harms can be reduced through proportionate measures other than holding additional financial resources, for example implementing additional internal systems and controls, strengthening governance and oversight processes or changing the manner in which the Firm conducts certain business.

However, for other harms identified, it may be that the only realistic option to manage them and to comply with the OFAR is for the Firm to hold additional own funds and/or additional liquid assets above its Basic Own Funds Requirement and Basic Liquid Assets Requirement.

The Firm has therefore formed a judgment about what is appropriate and proportionate in its particular circumstances, informed by its risk appetite, which is set by the Management Committee.

The Firm's ICARA document is updated annually (or more frequently, as required) by the Apollo's Finance, Human Capital, Risk Management, Legal and Compliance teams, with input from external advisers as required. The document and the key assumptions underlying it are then reviewed and approved by the Management Committee.

#### *Responsibilities of Senior Management Function-holders*

The Firm's Senior Management Function-holders share the responsibility for own funds and liquid assets compliance, together with the Risk Function, Finance, Compliance and senior management.

All Senior Management Function-holders recognise that the ICARA process is a key requirement of the regulatory system for the Firm and is an essential part of the Firm's internal systems and procedures for ensuring that the Firm's business is run prudently. Senior management is heavily involved in its review.

### **3.3 Concentration risk**

Concentration risk refers to the risks arising from the strength or extent of the Firm's relationships with, or direct exposure to, a single client or group of connected clients. The Firm has identified the following concentration risks and has put in place the following control strategies:

#### *Earnings*

This is the risk that the Firm has a significant amount of its revenue concentrated in a small number of clients, leaving it exposed if it loses one or more of those clients.

#### *Cash deposits*

This is the risk that the Firm's cash deposits are held with a narrow range of credit institutions, leaving it exposed if one or more of them becomes insolvent.

The Firm maintains cash accounts with a range of UK credit institutions, which it considers reduces its cash deposit risk to an acceptable level. The Firm keeps this under review.

## **4. REMUNERATION**

### **4.1 Remuneration governance**

The Firm's staff currently comprise secondees who are employed and remunerated by Apollo Management International LLP ("**AMI**"), a subsidiary of AGM. Where an AMI employee is also a secondee to the Firm, AMI makes a separate assessment of the individual's role and performance as a secondee with the Firm; and the remuneration and other costs attributable to that role.

The Compensation Committee of AGM (the "**Compensation Committee**") has overall responsibility for Apollo's remuneration policies and procedures. Remuneration is decided via the Compensation Committee (or its delegate) providing appropriate independent assessment in respect of each business unit.

The amount of variable remuneration attributable to services provided to the Firm is decided by the Management Committee after discussion with senior management of the Group and Apollo.

### **4.2 Material Risk Takers**

The Firm's material risk takers ("**MRTs**") are those individuals whose professional activities have a material impact on the Firm's risk profile. The Firm's MRTs comprise:

- Members of the Management Committee; and
- The Firm's Money Laundering Reporting Officer and Chief Compliance Officer.

During the course of the year, the Firm identified 8 MRTs in total.

#### **4.3 Remuneration structure**

The Firm's remuneration arrangements seek to ensure effective risk alignment between the Firm's staff, the Firm itself, the Funds advised by the Firm, the Funds managed by the Firm and the Firm's clients.

Where an AMI employee is also a secondee to the Firm, AMI makes a separate assessment of the individual's role and performance as a secondee with the Firm; and the remuneration and other costs attributable to that role.

AMI awards the Firm's seconded employees fixed remuneration (typically an annual base salary). Any variable remuneration attributable to services provided to the Firm (typically in the form of a discretionary annual bonus, equity-based grants that are subject to vesting and, where applicable, the award of carried interest points) is paid by AMI and re-charged to the Firm under a secondment/shared services agreement between AMI and the Firm.

Fixed remuneration is determined primarily by the market rate for the role performed, having regard to the skills, expertise and experience demonstrated by the particular individual.

Variable remuneration is determined by reference to the individual's contribution to the Firm, operational performance for the business unit in which they operate, and their impact on the Firm's overall operating performance and potential to contribute to long-term shareholder and fund value.

The total available pool of variable remuneration is determined by reference to the Firm's financial performance and financial position both at Firm level and at the level of each business unit, taking into account the Firm's regulatory capital and liquidity requirements, future working capital needs and any reasonably foreseeable liabilities or obligations. Individual performance is assessed by reference to both financial and non-financial criteria, including whether an individual has adhered to the Firm's internal compliance policies and procedures and demonstrated behaviours consistent with the Firm's corporate values.

The Firm has obtained legal advice in relation to the requirements in SYSC 19G.

#### **4.4 Risk adjustment**

The Compensation Committee (or its delegates) exercise(s) discretion each year in determining variable remuneration. The Firm is able to apply in-year adjustments to reduce (including to zero) the amount of variable remuneration that would otherwise have been paid to any member of staff (including MRTs).

Variable remuneration awarded to MRTs is subject to additional adjustments. In specific circumstances where an MRT has (i) participated in or been responsible for conduct which has resulted in significant losses to the Firm and/or (ii) failed to meet appropriate standards of fitness and propriety, the Firm may take one or more additional measures including malus (reducing the amount of variable remuneration awarded to an MRT) and/or clawback (requiring the MRT to make a payment to the Firm equal to all or some variable remuneration received within a specified time period).

The Firm ensures that any payments to MRTs relating to the termination of an employment contract reflect the individual's performance over time and do not reward failure or misconduct.

The Firm maintains policies and procedures governing its approach to risk adjustments and severance payments, including how the Firm takes into account current and future risks when adjusting remuneration.

#### **4.5 Quantitative disclosures**

Certain required disclosures have been omitted on the grounds of data privacy where the Firm considers that disclosure would be inconsistent with Apollo's obligations under the retained EU law version of the General Data Protection Regulation (EU) 2016/679 ("UK GDPR").

Note that all fixed and variable remuneration paid to the Firm's seconded employees is paid by AMI.

<b>Total remuneration to <u>all</u> staff</b>	
<b>Total fixed remuneration</b>	(GBP million)
Senior management	-
Other MRTs	-
Other staff	-
<b>SUB-TOTAL</b>	-
<b>Total variable remuneration</b>	(GBP million)
Senior management	-
Other MRTs	-
Other staff	-
<b>SUB-TOTAL</b>	-
<b>GRAND TOTAL</b>	-

<b>Severance payments made to MRTs</b>		
<b>Total payments made</b>	(GBP million)	
Senior management	-	
Other MRTs	-	
<b>TOTAL</b>	-	
<b>Amount of highest severance payment awarded</b>	-	
<b>Awards of severance payments made</b>	<b>No. of</b>	<b>of</b>
Senior management	-	
Other MRTs	-	

<b>Guaranteed variable remuneration awarded to MRTs</b>		
<b>Total payments made</b>	(GBP million)	
Senior management	-	
Other MRTs	-	
<b>TOTAL</b>	-	
<b>Awards of guaranteed variable remuneration made</b>	<b>No. of</b>	<b>of</b>
Senior management	-	
Other MRTs	-	

**SCHEDULE 1 OWN FUNDS<sup>1</sup>**

<b>Composition of regulatory own funds</b>			
	<b>Item</b>	<b>Amount (EUR thousands)</b>	<b>Source based on reference numbers/letters of the balance sheet in the audited financial statements</b>
<b>1</b>	<b>OWN FUNDS</b>	296,244	Page 10 of audited Financial Statements
<b>2</b>	<b>TIER 1 CAPITAL</b>	296,224	Page 10 of audited Financial Statements
<b>3</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>	296,224	Page 10 of audited Financial Statements
4	Fully paid-up capital instruments	270,285	Page 10 of audited Financial Statements
5	Share premium	-	
6	Retained earnings	26,900	Page 10 of audited Financial Statements
7	Accumulated other comprehensive income	-	
8	Other reserves	(961)	Page 10 of audited Financial Statements
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	-	
20	<b>ADDITIONAL TIER 1 CAPITAL</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	-	
25	<b>TIER 2 CAPITAL</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	-	

<sup>1</sup> Calculated on the basis of the Firm's audited annual accounts for the year ending 2022.

**Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements**

<b>Assets</b>		<b>Balance sheet as at period end (EUR thousands)</b>
1	Investments	209,732
2	Debtors	76,803
3	Amounts due from members	961
4	Cash at bank and in hand- non-Segregated	9,807
5	<b>Total Assets</b>	297,303
<b>Liabilities</b>		<b>Balance sheet as at period end (EUR thousands)</b>
1	Creditors	119
2	<b>Total Liabilities</b>	119
<b>Shareholders' Equity</b>		<b>Balance sheet as at period end (EUR thousands)</b>
1	Members' capital classified as equity	270,285
2	Other reserves	26,899
3	<b>Total Shareholders' equity</b>	297,184

**Own funds: main features of own instruments issued by the firm**

- Eligible Members' Capital
- Other Reserves



## SCHEDULE 2 BASIC OWN FUNDS REQUIREMENTS

	Category of requirement	Amount (EUR thousands)
<b>1</b>	<b>PERMANENT MINIMUM REQUIREMENT</b>	85
<b>2</b>	<b>FIXED OVERHEADS REQUIREMENT<sup>2</sup></b>	1,310
<b>3</b>	<b>K-FACTOR REQUIREMENT</b>	
<b>A</b>	Sum of the Firm's: <ul style="list-style-type: none"> <li>• K-AUM (assets under management);</li> <li>• K-CMH (client money held); and</li> <li>• K-ASA (client assets safeguarded and administered) requirements</li> </ul>	893
<b>B</b>	Sum of the Firm's: <ul style="list-style-type: none"> <li>• K-COH (client orders handled); and</li> <li>• K-DTF (daily trading flow) requirements</li> </ul>	-
<b>C</b>	Sum of the Firm's: <ul style="list-style-type: none"> <li>• K-NPR (net position risk);</li> <li>• K-CMG (clearing margin given);</li> <li>• K-TCD (trading counterparty default); and</li> <li>• K-CON (concentration risk) requirements</li> </ul>	-
	<b>BASIC OWN FUNDS REQUIREMENT (HIGHEST OF ROWS 1-3)</b>	1,310

<sup>2</sup> Calculated on the basis of the Firm's audited annual accounts for the year ending 2022.