



# Pillar 3 Disclosure Report

State Street Global Markets International Limited

Pursuant to Chapter 8 of the Financial Conduct Authority ("FCA") Handbook  
MIFIDPRU Prudential Sourcebook for MiFID Investment Firms ("MIFIDPRU")

As of 31 December 2024

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## 1. Objective

This disclosure statement (the “Statement”) has been prepared by State Street Global Markets International Limited (the “Company” or the “Firm” or “SSGMIL”) to provide quantitative and qualitative information on the capital adequacy, governance arrangements, risk management and remuneration policies and practices of the Company. The Statement complies with the public disclosure requirements set out in Chapter 8 of the Financial Conduct Authority (“FCA”) Handbook MIFIDPRU Prudential Sourcebook for MiFID Investment Firms (“MIFIDPRU”).

SSGMIL is regulated by the FCA and is classified as a non-small and non-interconnected (“non-SNI”) MIFIDPRU investment firm. The own funds requirement of the Company, set out in MIFIDPRU 4.3.2, is the highest of:

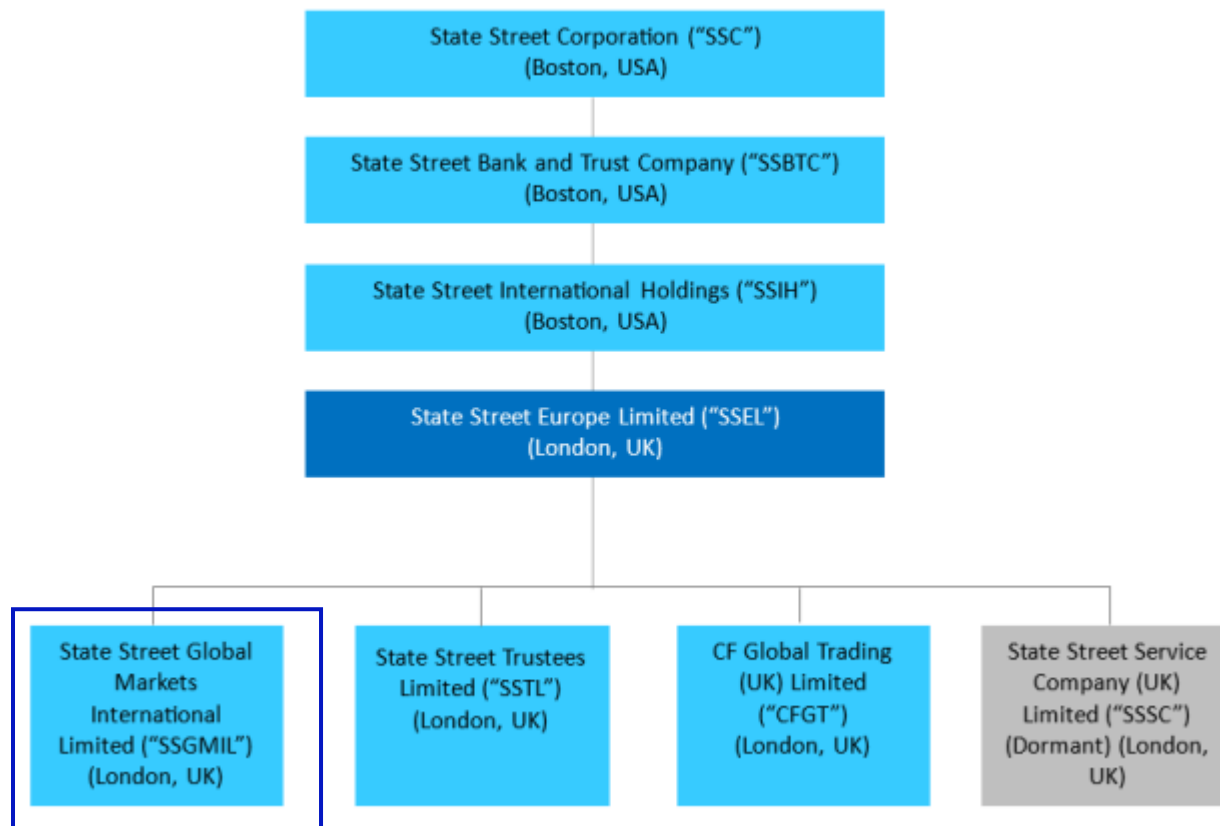
- its permanent minimum capital requirement (“PMR”);
- its fixed overheads requirement (“FOR”); or
- its K-factor requirement (“KFR”).

Unless otherwise stated, the financial and regulatory disclosures in this Statement are based as of 31 December 2024. Certain information has been omitted from the Statement if, in the opinion of the management of the Company, such information is of proprietary nature, price-sensitive, may intrude on the privacy of the Company’s clients or would not change or influence the assessment or decision of market participants or other users of the Statement.

The document is updated and published annually. This document has been approved by the Board for publication on the State Street website [www.statestreet.com](http://www.statestreet.com). Copies of the statement are available at Company’s main office located at 20 Churchill Place, Canary Wharf, London E14 5HJ.

## 2. Company Information

The Company is a wholly owned subsidiary of State Street Europe Limited, which is the unregulated parent entity incorporated in the United Kingdom. The legal entity structure is as follows:



The Company offers FX Connect Multilateral Trading Facility ("MTF"), Currenex, TradeNeXus and Fund Connect in the United Kingdom.

### **FX Connect:**

FX Connect is a MTF platform where members seeking to initiate foreign currency ("FX") transactions and liquidity providers who respond to such requests meet to conclude FX contracts that are settled by counterparties outside the trading platform. Given this operating model, SSGMIL does not hold any assets under management. FX Connect MTF does not have trading or dealing desks. It is strictly a trading venue that brings together multiple buying and selling interests in financial instruments in a way that results in a contract. SSGMIL itself is not engaged in trading on the MTF Platform it operates.

### **Currenex:**

Currenex is an unregistered electronic trading platform which provides subscribers a spot FX trading offering and spot metals, on a request for quote and streaming quote basis.

### **Fund Connect:**

The Company offers Fund Connect, an electronic portal that facilitates the subscription and redemption of shares in money market mutual funds, exchange traded funds (“ETF”) and other similar investment funds. Fund Connect provides a platform for routing orders from investor clients and ETF authorised participants to fund providers and ETF sponsors of their choice in respect of the purchase and sale of fund shares/units. This allows investors to diversify their short-term investment portfolio across a range of global funds through a single web-based interface. The Fund Connect platform supports multiple trading models but does not provide investment advice to clients.

### **TradeNeXus:**

The Company also offers TradeNeXus that provides asset managers with a centralized console to view the settlement process for their FX transactions across all their funds, including matching, settlement type determination, SWIFT confirmation messaging to brokers and custodians. TradeNeXus Clearing Connectivity is a service provided by the Company whereby the platform transmits non deliverable forward transactions for submission to central clearing houses for clearing consideration. This service was built to aid asset managers that wish to centrally clear their over-the-counter FX transactions.

The client orders handled mainly on Fund Connect and TradeNeXus are considered for calculating K-Factor requirement of the Company.

## **3. Governance and Risk Management**

### **3.1. Governance**

The Board of Directors (the “Board”) of the Company consists of an independent non-executive chairperson and two executive directors. The Board meets at least quarterly and on an ad hoc basis, as required. As at 15<sup>th</sup> April 2025, the number of directorships held by each member of the Company is as follows:

<b>Name of Director</b>	<b>Directorship</b>	<b>Number of Directorships</b>	
<b>Dennis Arnum</b>	Chair	2	
<b>Michael Hegarty</b>	Executive Director	1	Appointed 23 February 2024
<b>Victoria Whitfield</b>	Executive Director	2	Appointed 23 February 2024

The above directorships do not include executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; nor does it include executive and non-executive directorships held within the same group or within an undertaking (including a non-financial sector entity) in which the firm holds a qualifying holding.

The appropriateness of the knowledge, skillset and expertise of the members of the Board is established via an intense and rigorous membership selection process in partnership with HR. Whilst the Company does not have stated policies on the recruitment of its Directors, the appointments are rare enough for each appointment to be considered extensively on a case-by-case basis. In order to be considered for a the Company’ Director appointment, the candidate must have the required actual knowledge, skills and expertise.

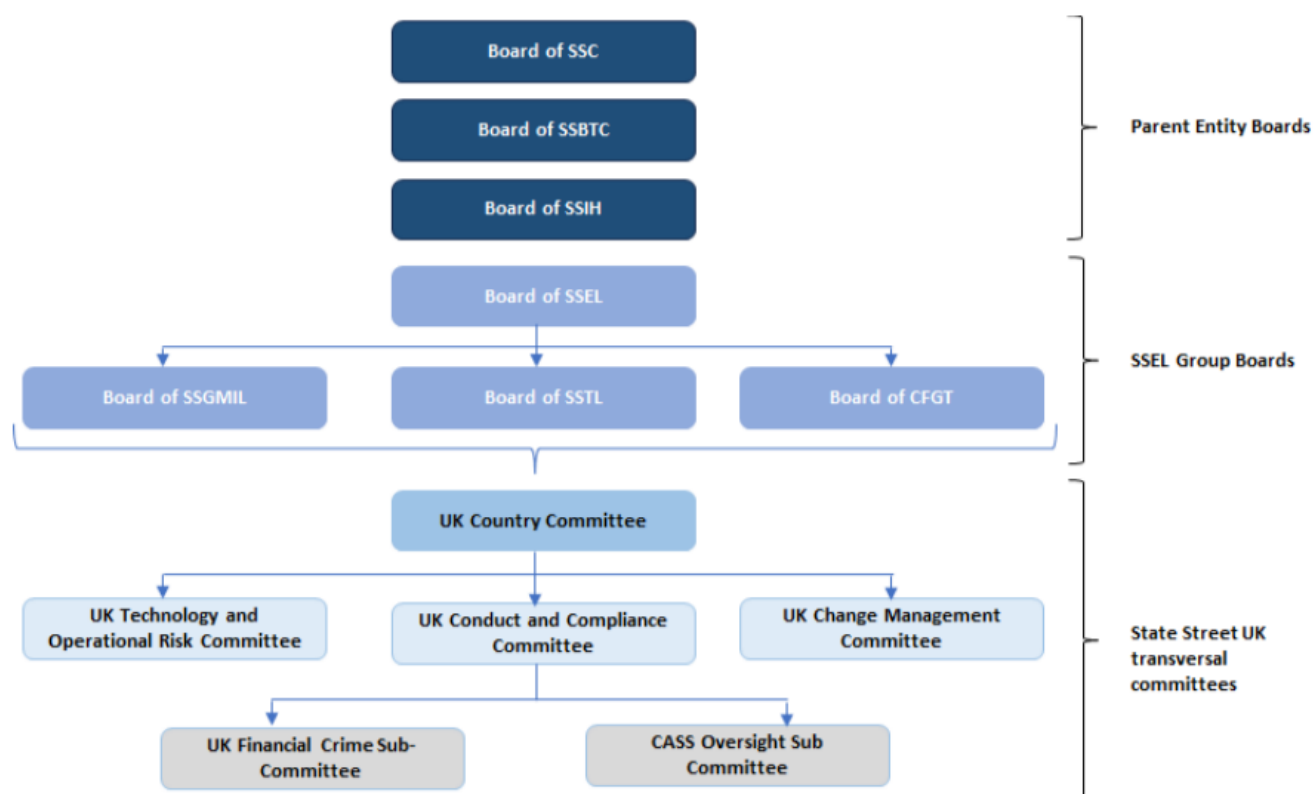
Diversity plays a key role in the selection of the members of the Board and is anchored in the State Street Diversity Policy. The policy addresses no tolerance for discrimination or harassment based on an employee's race, colour, religion, creed, national origin, ancestry, ethnicity, age, disability, genetic information, sex, sexual orientation, gender, gender identity or expression, citizenship, marital status, domestic partnership or civil union status, familial status, military and veteran status, socio-economic status, culture and other legally-protected characteristics that make our employees and others with whom we work unique. The strategic objectives concerning diversity have been accomplished to a satisfactory degree and their future accomplishment will be monitored by the Company Secretariat.

The Company's Board is supported by the SSGMIL Oversight Committee with responsibility for, among other things, oversight of the Company's FX Connect MTF activities, Fund Connect, TradeNeXus and Currenex in accordance with applicable regulatory requirements.

The Company is reliant on State Street Bank and Trust Company ("SSBTC") for the provision of corporate and control functions. As a Core Senior Managers and Certification Regime ("SMCR") Company, the Company is required to allocate responsibility for certain of those functions to an approved senior manager.

In addition to the Board and formal governance committees (pictured below), businesses operating through the Company maintain business line risk committees and/or senior management committees to assist in the management and oversight of relevant risks.

**Figure 2 - UK Risk Management Governance<sup>1</sup>**



<sup>1</sup> Governance arrangement in 2024

### 3.2. Risk Management Framework

State Street's risk management framework ("RMF") is an important mechanism in ensuring risks are understood, owned and managed appropriately. The RMF provides a foundation for consistency and sound risk management practice across State Street through an integrated set of programs, policies, processes, and tools to ensure risks are proactively identified, well understood, actively owned and prudently managed. Ultimately the Company works to ensure that risk-taking falls within Board approved risk appetite and conforms to applicable policies, limits and guidelines.

The RMF supports management in the alignment of business and risk management goals, providing the foundation for consistency and sound risk management practice across State Street.

The structure of the RMF ensures that risks are:

- **Proactively identified:** For a risk to be appropriately managed, it must first be identified. Reference is made to the State Street Corporation ("SSC") risk taxonomy, adapted for Company specific risks;
- **Well understood:** As part of risk identification, a good understanding of how and why risks may materialise is required. This enables a more robust assessment of risks in terms of potential likelihood and impact; and
- **Prudently managed:** The Company works to ensure that risk-taking falls within the Board-approved appetite and conforms to applicable policies, limits and guidelines.

These programs include risk identification, risk control self-assessment, internal and external loss management, key risk indicators ("KRI") and new business and product review and approval ("NBPR"). The programs enable SSGMIL to capture and assess risks within the Company. Further, the programs enable the Company to evaluate and test the effectiveness of controls that are in place to manage and mitigate those risks.

The effectiveness of risk management is assessed using the below criteria:

- Accuracy of risk identification in assessing materiality of risks the Company is exposed to;
- Appropriateness of risk limits in providing warning early enough for effective action to be taken so as to prevent a risk appetite breach;
- Time taken to remediate a breach;
- Effectiveness of controls to reduce the expected frequency and severity of a risk, or combination of risks, which have an adverse impact on the Company;
- Company performance compared with prior years, as well as that of industry peers; and
- Usefulness for the Board and senior management decision making.

### 3.3. Risk Appetite Statement

The Risk Appetite Statement is an integral part of its Capital Adequacy Process and provides a framework through which the Company describes the level and types of risk that is willing to accommodate in executing its business strategy. Formulation of the risk appetite takes into account Company's risk capacity, capital and financial position, core earnings strength and the integrity of its reputation and brand. The Risk Appetite Statement serves as a guide in setting risk limits as well as capital adequacy goals across the Company.

This framework is central to ensuring that risk is considered and integrated both in strategic planning and in the day-to-day management of Company's businesses.

The Risk Appetite Statement outlines the quantitative limits and qualitative goals that define risk appetite, as well as the responsibilities for measuring and monitoring risk against limits, and for reporting, escalating, approving and addressing exceptions. The Risk Appetite Statement is established by ERM, in conjunction with the business, under the oversight of the Board. The Risk Appetite Statement is reviewed by the Board on an annual basis, or more frequently as required.

### **3.4. Risk Culture**

The Company is committed to fostering and maintaining business practices and controls that are consistent with a culture of excellence, high ethical standards and strong commitments to its employees, customers, regulators and the communities in which it operates. The Company seeks to operate, at all levels of the organization, with a clear focus on ethics, personal accountability and a sense of empowerment – both in achieving its goals and in making the right decisions. In this environment, risks are escalated for review as and when identified, key assumptions are constructively challenged, and actual or potential returns are viewed in the context of risk.

### **3.5. Three Lines of Defence**

The Company's approach to Risk Management involves all levels of management, from the Board and its committees to each business unit and each employee. Responsibility for risk oversight is allocated so that risk/return decisions are made at an appropriate level and are subject to robust and effective review and challenge. Risk management is the responsibility of each employee and is implemented through a three lines of defence framework.

The First Line of Defence ("FLOD"): The Business and Functional Units who perform day-to-day operational and/or support activities that may give rise to risk operate as the FLOD. The FLOD owns the risks associated with their activities and is responsible for establishing effective internal controls to manage such risks to an acceptable level and promoting a strong culture of risk awareness.

The Second Line of Defense ("SLOD"): Control functions independent of the FLOD, such as Enterprise Risk Management and Compliance, operate as the SLOD. The SLOD is responsible for setting the Risk Appetite limits; developing policies and procedures to evaluate whether risks remain within the appropriate limits; monitoring risk-taking; and providing credible review and challenge to the FLOD risk management practices.

The Third Line of Defense ("TLOD"): The Audit team operates as the independent TLOD. The TLOD is responsible for assessing the effectiveness of the First and Second Lines of Defense as it relates to managing risk and providing reporting to the Board and management.

All employees are required to escalate risks and control failures to the business and relevant support functions, who in turn escalate to the Board.

### **3.6. Top Risk Framework (Taxonomy)**

SSC's risk profile is articulated through ERM's Top Risk Framework, which forms a top-down view of the most significant risk exposures based on the Corporate Material Risk Inventory that is compiled through a bottom-up risk identification process. The SSC taxonomy has been adapted for use at the Company's level. The material risk identification taxonomy categories for the Company are listed as follows. These have been considered in the Internal Capital Adequacy and Risk Assessment ("ICARA") Statement prepared by the Company.



Financial Risks	Non-Financial Risks	Business Risks
Investment Portfolio Mark-to-Market	Operational	Strategic
Interest Rate	Operational Resilience	Model
Trading (Market)	Technology and Resiliency	Investment Management
Credit	Core Compliance	
Liquidity		
Transversal		
Reputational		
ESG Risk		
Group		
Pension Obligation		
Risk not applicable		
Legal entity specific		

The ICARA is used to evaluate the Company's capital and liquid asset resources in relation to its capital and liquidity requirements on a forward-looking basis, examining how the Company identifies and manages the material risks and harms that it accepts in the execution of its strategic objectives. The ICARA includes the Company's approach to determine appropriate levels of internal capital and liquidity requirements over the projected period.

The material risks categorised above have been evaluated in the ICARA, and additional capital and liquid resources are maintained by the Company, where deemed appropriate to do so.

- The Company has assessed Operational Resilience risk, Technology and Resiliency risk and Core Compliance risk through operational risk scenarios and stress testing. Severe but plausible scenarios were considered in relation to execution, delivery and process management ("EDPM"); clients, products and business practices ("CPBP"); business disruption and system failures ("BDSF"); and internal and external frauds.
- The Company recognises that operational risk is intrinsic to its business and cannot be managed to zero. Therefore, during the ICARA process, the Company assessed whether it is required to hold additional capital and liquidity resources to meet the overall financial adequacy rule.

Technology and Resiliency risk is monitored via a qualitative assessment undertaken by the UK Technology and Operational Risk Committee which covers business disruption and technology resiliency; cyber and information security; and third party and vendor management risk. Furthermore, technology key risk indicators cover IT availability and material business continuity or disaster recovery events. Additional RAS metrics enhance the visibility of technology risk to the Board and are reported on a quarterly basis.

- Pension Obligation risk is quantified by an external actuarial company every three years and is conservatively maintained during the internal assessment of capital requirements.

The Company shares joint and several liabilities with other State Street UK companies with respect to the UK defined benefit scheme ("the Scheme") sponsored by SSBTC. The Company faces the potential risk of having to make unplanned contributions to the Scheme in the future as a result of the Scheme's funding position worsening. However, the risk is

mitigated because the Scheme is closed to new members and future accrual of benefits; and the Scheme has moved to an investment policy of matching its liabilities more closely.

Finance receives monthly adjusted positions of the Scheme, and, while there is no obligation to top up the Scheme, outside its triennial valuation, should it fall into deficit, Finance can raise concerns to ERM. If necessary, ERM will report any breaches or known material changes to Pension Obligation risk exposure as a part of its quarterly RAS reporting to the Board, or more frequently.

- Group risk has been assessed through the wind down scenario, which evaluated the inter relationships and dependencies with the Company and wider State Street.

The Company has intra-group exposures as a result of its heavy reliance on intra-group operational support services, such as information technology and corporate functions. The Company acknowledges that the primary responsibility to comply with its regulatory obligations remains with the Company as the delegating or outsourcing entity. The intercompany outsourcing arrangements are subject to State Street internal outsourcing policy and are periodically reviewed to ensure compliance with the UK FCA rules on outsourcing governed by the Senior Management Arrangements and the Systems and Controls Sourcebook.

As per the State Street EMEA Outsourcing Policy, an Outsourcing Engagement Manager ("OEM") is assigned to each outsourced activity. This role is defined in the Policy as an individual who has overall responsibility for a specific outsourcing arrangement or with local accountability for a global outsourcing arrangement, including initial due diligence, service monitoring and an annual outsourcing risk assessment. The OEM monitors the adequate execution of the outsourced activities and performance by means of key performance indicators and other metrics, and direct interaction through service review meetings and other regular interactions to ensure risks are monitored.

Service levels are reported at regular intervals to the SSGMIL Oversight Committee and the Company's Board in relation to these outsourced services in order to allow for appropriate oversight of these activities. Any material incidents or issues are reported and escalated to the Company's Board in a timely manner. The Company's Board is responsible for ensuring that the outsourcing arrangements are established and monitored in accordance with applicable regulation and internal policies. All of the Company's outsourcing arrangements have been designed so that the decision-making for the design, control and monitoring the operation of the platforms sit within the Company. The arrangements have also been designed taking into consideration the regulatory requirements outlined in articles 31 and 32 of MIFID Regulation (EU) 2017/565, and RTS 7 (Regulation (EU) 2017/584). The Policy has been aligned to the European Banking Authority's Revised Guidelines on Outsourcing and provides a framework for the roles and responsibilities, planning (including due diligence and risk assessment), monitoring, documentation and record keeping of both internal and external outsourcing arrangements.

- Strategic risk has been assessed through stress testing by considering the failure of a key strategic objective from the Company's Business Plan. Model risk is considered as non-quantifiable and has been mitigated through appropriate controls and processes.

### **3.7. Liquidity Risk Monitoring**

The Company has a liquidity risk metrics inventory used to measure, control and monitor liquidity risk. The Liquidity Risk Appetite and metrics inventory would be subject to review in the case of a material liquid asset change.

The metrics are categorised by significance with the following order of importance: RAS, Non-RAS and Early Warning Indicators (“EWIs”):

- RAS metrics are designed to ensure risks are considered and controlled in business activities by measuring liquidity in business-as-usual and stressed conditions. These are internal or regulatory operating boundaries as approved by the Board;
- Non-RAS metrics are designed to supplement RAS metrics to provide a wider, more comprehensive, view of potential liquidity risks. They provide significant alerts that require assessment and/or action by senior management; and
- EWIs are metrics designed to provide an advanced signal of potential idiosyncratic or market stress that could impact the liquidity position of State Street (parent) or SSGMIL.

The Company’s liquidity framework provides the firm with different intervention points such that the management would be able to take timely actions to raise liquidity/ funding or wind down the business in an orderly manner before the regulation thresholds were triggered.

Global Treasury Risk Management (“GTRM”) is responsible for calibrating the above limits at least on an annual basis.

The number of metrics in the inventory are reflective of the Company’s funding profile, balance sheet composition and complexity. The Board continues to review the appropriateness of this position.

#### 4. Own Funds

The own funds of the Company, determined in accordance with the provisions set out in MIFIDPRU 3, as at 31 December 2024 are £31 million.

The own funds of the Company consist of common equity tier 1 ("CET1") capital. The Company has no additional tier 1 capital or tier 2 capital. The components of CET1 capital with applicable deductions as at 31 December 2024 are as follows:

#### SSGMIL's Own Funds Table:

Composition of regulatory own funds			
Item	2024 Amount (in £'000)	2023 Amount (in £'000)	Reference ID in audited financial statements
1 OWN FUNDS	31,044	29,127	
2 TIER 1 CAPITAL	31,044	29,127	
3 COMMON EQUITY TIER 1 CAPITAL	31,044	29,127	
4 Fully paid up capital instruments	101	101	Called up share capital
5 Share premium	499	499	Share premium
6 Retained earnings	18,548	16,715	Profit and loss account
7 Accumulated other comprehensive income	-	-	
8 Other reserves	11,900	11,900	Capital contribution
9 Adjustments to CET1 due to prudential filters	-	-	
10 Other funds	-	-	
11 (-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(4)	(88)	Deferred tax asset
19 CET1: Other capital elements, deductions and 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 and 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 and adjustments	-	-	

The Company allotted 1,001 ordinary shares of £1 each at a share premium of £0.49 million. During 2020, the Company issued 100,000 bonus shares of £1 each with an aggregate nominal value of £0.1 million through the capitalization of capital contribution reserve.

The above issuances, along with share premium, are treated as regulatory CET1 capital and reported as the Shareholders' Funds in the audited financial statements of the Company for the year ended 31 December 2024. The holders of ordinary and bonus shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The shares do not confer any rights of redemption.

A reconciliation of Own Funds of the Company with capital and reserves reported in the audited financial statements for the year ended 31 December 2024 is as follows:

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

	Balance sheet in audited financial statements for 31-Dec-2024 (Amount in £'000)	Balance sheet in audited financial statements for 31-Dec-2023 (Amount in £'000)	Cross reference to Own Funds Table
<b>Assets</b>			
1 Deferred tax assets	4	88	Item 11
2 Debtors	1,230	1,651	
3 Cash at bank	30,626	28,933	
4 Current tax receivable	58	125	
Total Assets	<b>31,919</b>	<b>30,797</b>	
<b>Liabilities</b>			
1 Creditors	871	1,582	
Total Liabilities	<b>871</b>	<b>1,582</b>	
<b>Shareholders' Equity</b>			
1 Called up share capital	101	101	Item 4
2 Share premium	499	499	Item 5
3 Capital contribution	11,900	11,900	Item 8
4 Profit and loss account	18,548	16,715	Item 6
Total Shareholders' Equity	<b>31,048</b>	<b>29,215</b>	

## 5. Own Funds Requirement

The own funds requirement of the Company, determined in accordance with the provisions set out in MIFIDPRU 4.3, as at 31 December 2024 is £1.4 million.

The Company is a non-SNI MIFIDPRU investment firm. Therefore, the Own Funds requirement of the Company as at 31 December 2024 is the highest of:

- £0.15 million PMR, which is based on the investment services and activities SSGMIL is authorised to carry on by the FCA;
- £1.4 million FOR, which is a quarter of the Company's audited fixed overheads for the year ended 31 December 2024; or
- £1.1 million KFR, which is the K-COH requirement as at 01 December 2024 .

## Permanent Minimum Capital Requirement

The Company is permitted to operate an MTF, but it is not permitted by the FCA: to deal on own account; operate an organised trading facility; or underwrite financial instruments on a firm commitment basis. Further, the Company is not appointed to act as a depository. Therefore, the PMR of the Company is set at £0.15 million in accordance with the provisions of MIFIDPRU 4.4.3.

## Fixed Overhead Requirement

The FOR is an amount equal to one quarter of the Company's relevant expenditure during the preceding year. The FOR of £1.4 million is based on audited fixed overheads for the year ended 31 December 2024 and has been calculated in accordance with the provisions set out in MIFIDPRU 4.5.

## K-Factor Requirement

The Company is engaged in the receipt and transmission of orders in ETF and money market funds on Fund Connect and orders in non-deliverable forward transactions on behalf of clients. Therefore, the Company calculates K-COH requirement on the first day of the month in accordance with the provisions set out in MIFIDPRU 4.10.

The K-COH requirement is equal to the sum of 0.1% of average client orders handled attributable to cash trades and 0.01% of average client orders handled attributable to derivatives trades. The Company calculates the amount of its average client orders handled by taking the total client orders handled on Fund Connect and TradeNeXus, measured throughout each business day over the previous 6 months excluding the daily values for the most recent 3 months, and then taking the arithmetic mean of the daily values of the remaining 3 months. The K-COH requirement of the Company as at 01 December 2024 is £1.1 million.

The Company does not: deal on own account; provide discretionary portfolio management; or investment advisory services to its clients. Therefore, other K-Factors are not applicable to the Company.

The own funds, own funds requirement and capital surplus of the Company as at 31 December 2024 are as follows:

<b>Own Funds and Requirement</b>	<b>2024 Amount (in £'000)</b>	<b>2023 Amount (in £'000)</b>
<b>Own Funds (A)</b>	<b>31,044</b>	<b>29,127</b>
<b>Own Fund Requirement (B)</b>	<b>1,449</b>	<b>1,839</b>
being the higher of :		
Permanent minimum capital requirement	150	150
Fixed overheads requirement	1,449	1,839
K-Factor Requirement	1,056	1,046
<i>K-COH requirement</i>	<i>1,056</i>	<i>1,046</i>
<b>Capital Surplus (A-B)</b>	<b>29,595</b>	<b>27,288</b>

## Overall Financial Adequacy Rule

The Company is required to: internally assess and maintain adequate amount of own funds and liquid assets in order 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 to wind-down in an orderly manner, minimising harm to clients or to other market participants. This assessment is performed annually as a part of ICARA. The ICARA includes a comprehensive review of all significant risks relevant to the Company based on wider consultations with different functions.

The mainstay of the ICARA is the “Going concern” basis. Under the “Going concern” basis, the Board makes a determination as to the adequacy of the Company’s capital and liquid resources to meet the risk appetite and, in so doing, ensures the longevity of the business model.

The “Going concern” methodology provides assurance that:

- Own Funds capital and Liquid Asset requirements are maintained;
- Additional Own Funds and Liquid Assets requirements are covered by designated capital and liquid resources; and
- Economic risks are identified and a sufficient capital and liquidity buffer is held to absorb systemic shocks.

Under the “Gone concern” perspective, the Board assumes the business model is to be terminated or has failed and makes an assessment as to the sufficiency of capital and liquid resources and operational resources at its disposal to bring about an orderly wind-down of the Company.

A seven-step approach is followed to meet the overall financial adequacy rule as described below:

1. **Material Risk Identification (“MRI”)** The purpose of the MRI phase is to identify the risks to which the Company is (or will be) exposed, taking into consideration its business model and the business environment in which it operates, and what potential harms those risks could cause the market, the firm, or SSGMIL clients. MRI is performed by the ERM function in line with the State Street Top Risk Framework. In performing the MRI analysis, the ERM function is supported by all the business, support and governance functions according to their assigned responsibilities and activities. The outcome of the MRI is the Risk Inventory which forms a holistic view of the Company’s risk profile and is used a foundational element in risk management and capital planning processes;
2. **Risk Appetite:** The Risk Appetite is defined as the amount and type of risk the Company is willing to accept in pursuit of its business objectives. The risk appetite provides a clear articulation of the Company’s willingness and capacity to take on risk and provides an understanding of the Company’s tolerance for loss or negative events. The definition and quantification of the Company’s risk appetite is the responsibility of the Board, and ERM function provides guidance and recommendations. The Board approves the Risk Appetite, incorporating both quantitative aspects relating to minimum capital and liquidity requirements and qualitative aspects relating more broadly to compliance with internal and regulatory requirements;
3. **Financial Projections:** The purpose of the Financial Projections is to outline the main components of the Statement of Financial Position and the Income Statement over the forecast period. Financial projections, based on Company’s approved Business Plan, are developed and used as the base case for the ICARA;
4. **Risk Quantification:** The Risk Quantification phase requires the quantification of any additional own funds or liquid assets required for each measurable risk type recognised and assessed in terms of materiality within the Risk Identification phase. The Risk Management and Global Treasury teams define the methodologies for the quantification of additional own funds or liquid asset requirements. The quantification of own funds and basic liquidity is performed by the Regulatory Reporting and the Liquidity Management teams, respectively, in the Finance function, which applies the regulatory approaches;
5. **Stress Testing:** Stress test analysis allows assessing the vulnerability of the Company to exceptional but plausible adverse events. The Board owns the definition and parameterisation of the stress scenarios, which are recommended by the Steering

Committee in consideration with applicable regulatory requirements. The base case financial model is stressed using a range of severe single and combined stress scenarios to determine the profit and capital impact on the Company, and to validate the adequacy of any additional own funds or liquid assets;

6. Aggregation of Capital and Liquid Requirements: Financial resource requirements across the risk universe are aggregated to inform the adequacy of capital and liquidity assessments under the Overall Financial Adequacy Rule and without factoring any diversification benefits as a measure of conservatism; and
7. Adequacy Assessment: The objective of the adequacy of capital and liquidity assessment phase is to verify that the Company's total available financial resources are adequate in terms of size and composition to cover all material risk types to which the Company is exposed, as measured by the Overall Financial Adequacy Rule.



## 6. Remuneration Practices and Policies (according to MIFIDPRU 8.6)

### 6.1. Remuneration Governance

At the State Street Group level, the Human Resource Committee (“HRC”) of State Street Corporation (“SSC”), has oversight of the overall compensation system at State Street (the HRC’s Charter is available on State Street’s website). The HRC consists of at least three members who are senior professionals with strong financial/ business knowledge and are independent members of the Board of SSC, in accordance with the listing standards of the New York Stock Exchange. They are appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee of the Board. At 31 December 2024, there were five (5) members of the HRC. During 2024, the HRC held eight (8) meetings.

The HRC oversees all of State Street’s compensation plans, policies, and programs in which senior executives participate and incentive, retirement, welfare and equity plans in which certain senior executives and other employees of SSC participate. It also oversees the alignment of the incentive compensation (“IC”) arrangements with State Street’s financial safety and soundness consistent with applicable related regulatory rules and guidance.

The HRC reports or causes management to report periodically to the Board’s Risk Committee (“RC”) any activities undertaken by the HRC involving the oversight of any SSC risks and related policies that support the RC’s overall oversight of SSC’s global risk management framework. The HRC may meet in joint sessions with other committees of the Board from time to time to discuss areas of common interest and significant matters. The HRC engages Meridian Compensation Partners, a compensation consulting firm, to provide compensation consulting as part of the HRC’s review of executive compensation.

The corporate Incentive Compensation Control Committee (“ICCC”) serves as a forum for the risk management and internal Control Functions to formally review and provide their assessment of IC arrangements throughout the State Street Group and consists of senior representatives of the Enterprise Risk Management (“ERM”), Compliance, Internal Audit, Finance, Legal and Global Human Resources (“GHR”) departments. This review and assessment is intended to promote the consistency of the IC arrangements with the safety and soundness of State Street and its subsidiaries and the alignment of these arrangements with applicable regulatory guidance and regulations. The ICCC is supported by a working group comprised of GHR, Legal and other subject matter experts, which provides analytical and operational support to the ICCC. The ICCC meets on a regular monthly schedule and otherwise, as needed.

In addition to the integrated, systemic role that Control Functions have in IC practices through the ICCC, State Street’s risk identification and assessment processes are managed by ERM. The HRC reviews a summary of firmwide financial and non-financial risk performance provided by the RC, with input from ERM. This risk performance summary is used by the HRC as an input into State Street’s corporate IC pool size. In addition, State Street Group’s Audit function regularly completes an audit of GHR IC practices and compliance with regulatory guidance.

State Street also has a dedicated and independent UK Remuneration Committee (“UK RemCo”) in place that held three (3) meetings in 2024. It is comprised of three State Street senior leaders appointed by the HRC who do not perform an executive role in relation to the UK businesses under the remit of the UK RemCo. The UK RemCo operates under a charter that sets out its mission, scope, authority, composition, frequency of meetings and reporting obligations.

The UK RemCo reviews and reassesses the adequacy of its charter annually.

Under this charter, the UK RemCo’s primary duties are:

- Oversight of the process for identifying and determining the remuneration of Investment Firms Prudential Regime (IFPR) Identified Staff;
- Oversight of decisions made by those with authority to determine the remuneration of IFPR Identified Staff; and
- Holistic overview of regional remuneration matters, with a view to providing a central forum for consideration of issues and thereby enhancing consistency of approach across State Street EMEA.

#### **6.1.1. SSEL Group's Remuneration Governance**

In light of the global nature of State Street's organisation, State Street's remuneration plans and programs are generally established at the level of SSC and implemented locally/regionally to comply with the applicable local legal and regulatory requirements. Therefore, the UK remuneration policy, which is applicable to SSEL Group, reflects the nature of SSC's global remuneration approach while complying with local/regional regulatory remuneration requirements that are applicable for SSEL Group and those performing activities on behalf of SSEL Group. SSEL Group only makes use of remuneration-related plans and programs that exist at the SSC level. As described above, SSEL Group also benefits from State Street's global and EMEA remuneration governance.

### **6.2. IFPR Identified Staff**

The SSEL group identifies those employees throughout organisation who individually or as a group are responsible for activities that may expose the group to material amounts of risk (IFPR Identified Staff). The UK RemCo annually reviews the variable pay arrangements used to compensate these employees and also annually reviews the effectiveness of the design and operation of State Street's IC system in providing risk-taking incentives that are consistent with the organisation's safety and soundness.

#### **6.2.1. Governance of Identification Process**

State Street takes a robust approach to identifying IFPR Identified Staff within its businesses and subsidiaries. Various key bodies are involved in the process of identifying, reviewing or approving State Street's IFPR Identified Staff. These key groups include the following:

- UK RemCo – this body represents the ultimate oversight governing body for the IFPR Identified Staff identification process
- Head of UK – has ultimate responsibility for compensation decisions impacting IFPR Identified Staff
- Business & Corporate Function Heads – Review inputs, confirm and approve final lists for respective areas
- Identified Staff Advisory Group – this Advisory Group meets during the year to perform consideration technical assessments, regulatory and market inputs and to make recommendations for the identification of the IFPR Identified Staff that will then be approved by the UK RemCo. State Street's senior stakeholders in UK and EMEA functions represented are Total Rewards/HR (Chair), ERM, Compliance and Legal

#### **6.2.2. Identification Process**

#### **Qualitative IFPR Identified Staff Identification**

If an employee is performing professional services for any of the below UK legal entities of the SSEL group (regardless of employing entity) and meets any of the identification criteria then the employee is classified as Identified Staff under IFPR<sup>1</sup>:

- State Street Europe Limited
- State Street Trustees Limited
- State Street Global Markets International Limited
- CF Global Trading (UK) Limited

In line with the IFPR criteria, a detailed review process is performed for each individual, considering their role, responsibilities, independent authority and potential ability to impact main risks of any of the in-scope entities, on a solo or consolidated basis, to determine if an individual should be IFPR Identified Staff.

All decisions to include someone as IFPR Identified Staff are documented and made as part of a multi-layered review process, with sign offs obtained (in addition to the governance bodies above) from the Head of the relevant Business or Function from which the IFPR Identified Staff has been identified, with supporting input from other senior representatives of the business or function who may be closer to the IFPR Identified Staff member and their role.

### **6.3. Information on the link between pay and performance**

State Street's overall aim with respect to compensation is to reward and motivate high-performing employees and to provide competitive incentive opportunities, encouraging employees to learn and grow in their careers.

There are seven key remuneration principles that align State Street's remuneration system with the business strategy:

- We emphasise total rewards
- We target the aggregate annual value of our Total Rewards Program to be competitive with our business peers
- We unequivocally support equal pay for work of equal value
- Funding for our Total Rewards Program is subject to affordability and is designed to be flexible based on corporate performance
- We differentiate pay based on performance
- We align employees' interests with shareholders' interests
- Our compensation plans are designed to comply with applicable regulations and related guidance, including aligning incentive compensation with appropriate risk management principles

#### **6.3.1. Elements of Remuneration.**

### **Fixed Pay**

#### **6.3.1.1. Base Salary and Benefits**

Base salary is one element of an employee's compensation. Employees' base salaries are determined by role, bank title and by a number of other factors such as individual performance, proficiency level, year-over-year increase guidelines, statutory requirements, budget and position to market.

<sup>1</sup> IFPR Identified Staff is the State Street internal nomenclature for Material Risk Takers under the UK Investment Firms Prudential Regime; see <https://www.handbook.fca.org.uk/handbook/MIFIDPRU/8/6.html>

Benefits, both in form and value, are generally positioned in relation to relevant business peer groups and geographic markets. Most benefits are generally consistent across all job grades in a market although sometimes benefits may vary by job grade or other factors based on prevailing market practices or applicable regulations.

#### **6.3.1.2. Role Based Allowance (“RBA”)**

RBAs are contractual elements of fixed compensation for a very limited number of individuals to permit State Street to deliver compensation that is reflective of an individual’s role, responsibility, experience, the competitive marketplace, and is in compliance with its regulatory obligations. The key characteristics are:

- Contractual cash payment, i.e. non-discretionary
- No fixed term, i.e. continuous
- Paid in equal instalments
- Not subject to deferral or performance conditions
- Amount or receipt of an RBA subject to review only under limited circumstances
- Not subject to risk-based adjustment (e.g., malus/ clawback)

#### **Variable Pay**

Remuneration at State Street is designed to achieve a balance between fixed and variable components with those performing Control Function roles having their remuneration delivered with an emphasis on fixed pay. In jurisdictions where there is an expectation to have a prescribed maximum ratio between fixed and variable remuneration under relevant remuneration regulations, State Street maintains governance processes to oversee compliance with those established limits.

#### **6.3.1.3. Incentive Compensation Plan (“IC plan”)**

Except for a small number of individuals who participate in a Structured Incentive Plan (“SIP”), all State Street employees are eligible to participate in the IC plan. The IC plan is an integral part of the remuneration strategy. It is the primary scheme for the provision of annual discretionary bonuses and is intended to motivate staff to perform as well as possible and produce superior results whilst not incentivising inappropriate risk-taking. To be eligible to receive an award, employees must be employed and in good standing on the date of the total funded IC plan pool results are certified.

EVPs generally have an IC target to provide additional structure for determining Incentive Compensation. The targets are based on each executive’s role and responsibilities, performance trend, competitive and market factors and internal equity. The payout may vary within a range of 0 – 200% and is determined based on corporate and individual performance.

Performance-Based Restricted Stock Units (“PRSUs”) are also granted to UK EVPs. The number of PRSUs earned is based on financial metrics with risk adjustment factored into the calculation of PRSUs eligible to vest, if any, under the applicable PRSU award. The PRSU pay-out varies within a range of 0% to 150%.

#### **6.3.1.4. SIPs**

A small number of employees participate in SIPs, which aim to bring the variable compensation granted to plan participants in line with the financial results they generate. SIPs also take into account non-financial qualitative performance indicators. In addition, all SIP participants receive sufficiently high fixed compensation, which aims to eliminate incentives for excessive risk-taking. Variable compensation is allocated on an individual basis by way of a review of both quantitative

and qualitative factors. All SIPs are reviewed annually by State Street's corporate ICC. An employee's eligibility to participate in a SIP, and all amounts paid under a SIP, are subject to management approval.

#### **6.4. Design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria.**

##### **6.4.1. Link between pay and performance for the institution**

The corporate IC pool is budgeted and accrued based on group-wide financial, business, and risk management performance. The HRC has flexibility to adjust the overall global IC pool and in doing so, evaluates a number of factors including company performance, market trends, and other considerations. The HRC approves the funding of the corporate IC pool.

##### **6.4.2. Link between pay and performance for Business Units**

State Street's Global Chief Executive Officer allocates IC pools to Executive Committee members for their respective Business Units or Corporate Functions based upon similar factors that the HRC considers, as described above, but measured at the level of the Business Unit or Corporate Function. The discretionary Business Unit allocation process entails the use of a Business Unit-level risk scorecard, which captures qualitative and quantitative data across ERM, Audit, Compliance, Legal and Regulatory areas for every Business Unit and Corporate Function. Details on State Street's Compensation Assessment Framework and Corporate Performance can be found in State Street's Proxy Statement filed with the US Securities Exchange Commission and available publicly on its website.

##### **6.4.3. Link between pay and performance for individuals**

The sub-allocation of the Business Unit bonus pool to an individual is then further determined by an individual's business manager with reference to the individual's performance measured on both financial and non-financial criteria. Individual accountability for Business Unit scorecard results (positive or negative) is assessed as appropriate and may also inform compensation decisions.

Individual incentive awards are completely discretionary. In addition to the formal two-pronged risk adjustment process (ex-ante and ex-post compensation adjustments) described below, in making individual incentive awards, State Street permits the use of discretionary adjustments to awards for both financial and non-financial criteria. These include (but are not limited to) compliance and risk performance factors such as non-compliance with internal policies and procedures or significant audit findings, instances where there is a significant downturn in the financial performance or a material risk management failure in respect of State Street or a material Business Unit.

##### **6.4.4. Performance Management System**

State Street's Performance Management process involves collaborative planning and ongoing assessments, enabling flexibility to account for evolving business priorities, more opportunities for professional challenge and development, discussions on Risk Excellence and better performance differentiation across the workforce.

The Performance Management program is administered and documented in MyWorkday and is built on the following components:

1. **Performance Priorities:** At the beginning of the year, managers and employees collaboratively set the employee's Performance Priorities. Performance Priorities are personalized goals which are shorter term in nature, unique to the employee, and should

include stretch or developmental objectives. They could also include the tasks the employee is expected to accomplish on a day-to-day basis. As priorities can change, Performance Priorities are expected to be updated throughout the year to ensure an employee's work continues to align with corporate goals and strategy, business unit goals, and our culture traits.

2. **Monthly Check-Ins:** Managers are expected to have Monthly Check-Ins with each of their direct and dual reports. These coaching conversations should emphasize what's working well, what could have gone better and agreement on what's next. They also provide managers and employees opportunities to review progress against existing Performance Priorities and make updates when necessary. They help to provide employees with the opportunity to receive transparent feedback about their performance, respond to feedback, and engage in career development / internal mobility discussions.
3. **Snapshots:** There are three assessments throughout the year referred to as Snapshots. The first Snapshot is designed to facilitate a conversation around career development. Employees complete a brief self-assessment and then managers have an opportunity to review and respond to similar questions.

The second and third Snapshots are intended to provide employees with insight into how they are performing at different points of the year. Employees complete a brief self-assessment to highlight what is working well, what could have gone better and what's next. Managers then have an opportunity to review this feedback and provide responses to the same questions. Additionally, managers provide an indication as to whether employees are on track to achieve or exceed expectations related to Performance Priorities.

Snapshots for EVPs cover topics such as Financial Performance, Strategy & Productivity, Leadership and Talent, Risk & Conduct, and Demonstrated Behaviours.

Snapshot outcomes and commentary are made available to employees at the conclusion of the process.

4. **Year-End Performance Summary:** At year-end, employees and managers have the opportunity to recap performance throughout the year. Managers also have an opportunity to assign employees a Year-End Performance Category. The Performance Categories are Frequently Exceeded, Sometimes Exceeded, Achieved, Progress Required, Underperformed, and Not Rated.

Like Snapshots, year-end performance outcomes are made available to employees at the conclusion the process. This Performance Category is summarized during a year-end Monthly Check-In which includes a recap of the performance feedback the manager provided to the employee throughout the year.

Outcomes from the Performance Process are leveraged by managers to inform outcomes during the Total Compensation Planning process.

#### **6.4.5. Structure of variable remuneration awards under State Street's corporate design**

IC awards under State Street's corporate design consisted of Deferred Awards<sup>2</sup> and immediate cash payments.

<sup>2</sup> PRSUs, Deferred Stock Awards and Deferred Value Awards



Under State Street's corporate design, all Deferred Awards are subject to a four-year deferral period and vest on a quarterly basis without the application of a retention period.

Deferred Equity is awarded in the form of Deferred Stock Awards ("DSA"). DSAs are a contractual right to receive, on each vesting date, a set number of shares in the common stock of SSC, subject to affordability requirements and applicable terms, which may include malus, clawback, forfeiture, restrictive covenants and other conditions. The number of shares to be delivered on each vesting date is set at the award date but may be adjusted between the award date and each vesting date through the ex-post performance adjustment measures described below.

In order to reduce employee concentration in State Street stock that would result from using equity instruments alone to deliver the entirety of the Deferred Awards, State Street also uses a non-equity deferral vehicle, called the Deferred Value Award ("DVA"). DVAs notionally track the value of a money market fund and are delivered in cash on the vesting date. The earnings credited to the DVAs vary based on the actual performance of the money market fund. However, there is no ownership interest in the fund or any other actual investment. Earnings generally result in the credit of additional notional units as the money market fund is managed to a \$1.00 USD unit price. As with DSAs, DVAs may be adjusted between the award date and each vesting date through the ex-post performance adjustment measures described below.

Under State Street's corporate design, the allocation of immediate (i.e., cash) and deferred compensation (i.e., DSAs and DVAs) is based on total value of an individual's IC. In general, the greater the amount of IC, the greater the percentage that is paid as Deferred Awards. The Deferred Award is typically composed of equal percentages of DVAs and DSAs, resulting in employees at higher variable pay levels being awarded a higher percentage of equity, given their higher deferral percentage. However, employees at Associate level typically receive IC entirely in immediate cash.

#### **6.4.6. Structure of IC awards for IFPR Identified Staff**

The IFPR entities are subject to the standard remuneration rules based on the nature of those businesses and levels of assets. As such, the prescriptive structural payout rules are not applied to IC delivery of the Identified Staff, however malus and clawback are applied for the duration of the deferral period.

#### **6.4.7. Other elements of variable pay**

##### **6.4.7.1. Guaranteed variable remuneration**

State Street does not generally award guaranteed variable remuneration. Where a strong business case can be made to justify such an award, this rationale will be reviewed along with the individual facts and circumstances of the award. Any such awards are only made in the following circumstances:

- It is rare and infrequent;
- It occurs in the context of hiring a new employee;
- The firm has a sound and strong capital base; and
- It is limited to the first year of service.

##### **6.4.7.2. Replacement of awards from previous employers**

State Street may, from time to time, provide awards to new hires to compensate them for the loss of IC awards as a result of their termination of employment with their previous employer. When such awards are made, State Street will, as far as possible, match the structure (including vesting schedule and use of performance criteria) of the awards of the previous employer and will seek

appropriate evidence of existing awards prior to the award of a buy-out. The quantum of awards will be an amount reasonably expected to fairly compensate the new hire for the loss of IC from their previous employer and attract them to join State Street, but not exceed the quantum of existing awards. Appropriate evidence is sought of existing awards being lapsed prior to the award of a buyout.

#### **6.4.7.3. Retention awards**

Additional variable remuneration may be awarded to retain employees and forms part of the variable remuneration. These retention awards must meet the following criteria:

- Awards may only be made if there is a strong business case, on an infrequent basis, and their payment is aligned with the applicable organisational and risk strategies;
- Awards are based on factors such as where an employee stays in the business for a predetermined period of time or until a certain event

#### **6.4.7.4. Recognition awards**

Certain employees with exemplary risk management performance are eligible for additional “top-up” awards in recognition of their contributions to our culture of Risk Excellence. These recognition awards form part of the variable remuneration. IFPR Identified Staff are not eligible to participate in recognition award programs.

#### **6.4.7.5. Severance**

Severance payments are considered variable pay in certain circumstances. State Street has developed a UK-specific severance framework document that provides guidelines for the consideration of these types of payments in relation to the termination of an employment relationship and how payments should be structured and documented to comply with regulatory requirements.

#### **6.4.8. Risk Adjustment**

State Street applies both “ex-ante” and “ex-post” adjustments to its award process for IFPR Identified Staff.

##### **6.4.8.1. “Ex-Ante” Risk Adjustment**

Ex-ante adjustments are guided by the corporate multi-factor risk scorecard, developed by ERM, which is used to measure firm-wide risk performance. The scorecard is overseen by the global Management Risk and Capital Committee and the RC and is used by the HRC as an input into State Street’s corporate IC pool size process. The scorecard provides a composite view of State Street’s risks using a multi-factor framework that equally considers financial and non-financial risks and reflects ERM’s views of State Street’s current risk positioning, capabilities, and remediation status for each risk. The scorecard framework utilizes several different risk inputs and perspectives to assess State Street Group’s top risks and includes the following: Financial risks, including market, credit, liquidity and capital adequacy, and non-financial risks, including operational execution, technology and operational resiliency and business conduct/ compliance.

The ex-ante adjustments would allow adjustments for the pool at SSC level (based on the determination of the remuneration body that is responsible for the oversight of the remuneration of such IFPR Identified Staff) and can also reduce variable pay at the individual level. Performance against the scorecard metrics is completed using data sourced from various systems in State Street Group’s Control Functions, including ERM, Finance and Treasury, among others. Poor risk performance, including significant or repeated compliance or risk-related violations of State



Street's policies, may result in ex-ante adjustments to an individual's IC as part of a progressive discipline structure to hold individual employees accountable for risk performance.

Before granting variable remuneration to IFPR Identified Staff, any negative deviations from agreed performance targets and misconduct by IFPR Identified Staff are considered in determining the grant amount (i.e., ex-ante risk adjustment). In case of negative deviations from agreed performance targets and/or misconduct, the grant amount can be reduced (and can be reduced to zero). Audit, Compliance, Legal and ERM reviews form part of possible performance adjustments for IFPR Identified Staff (internally termed the Identified Staff Red Flag Review). Aligned with the timing of Snapshots and the Year-End Summary, relevant Control Function Heads and the relevant Head of Legal jointly discuss conduct and non-conduct risk and compliance issues by IFPR Identified Staff employees. Based on the review the relevant feedback is provided to individual managers and they are asked to reflect any compliance and risk considerations in the Snapshots and/or Year-End Performance Category.

#### **6.4.8.2. "Ex-Post" Risk Adjustment**

State Street includes malus-based forfeiture and clawback provisions in the Deferred Award agreements of all Identified Staff. The malus-based forfeiture provision includes a statement of intention to comply with and meet the requirements of applicable banking regulations and guidance on IC, including both that of the Board of Governors of the United States Federal Reserve System and the PRA/FCA in the UK. It provides specifically that the HRC may reduce or cancel any Deferred Award to the extent required to do so under any such applicable rules. In this way, the forfeiture provision permits consideration by the corporate Malus Committee of any criteria, to the extent required by applicable law to be considered in an investigation and forfeiture decision.

Malus-based forfeiture review will be triggered by the occurrence of a material loss, the establishment of a reserve for a material loss, or the investigation of facts or circumstances, which, if determined adversely to State Street or a material Business Unit of State Street, could reasonably be expected to result in a material loss or reserve.

In addition, State Street has for several years included in its Deferred Award agreements for all employees, a contractual provision requiring any unvested Deferred Awards to be forfeited in the case of termination on account of gross misconduct. Gross misconduct is determined in State Street's discretion and includes conduct that gives rise to a significant risk management failure in respect of State Street or a material Business Unit. This could include placing State Street at legal or financial risk.

State Street also includes a clawback provision in its IC awards to IFPR Identified Staff at least for the deferral period. One hundred percent of Deferred Awards is subject to malus performance adjustments and one hundred percent of all variable pay is subject to clawback.

#### **6.5. Anti-circumvention and Avoiding Conflicts of Interest**

All State Street staff are required to certify to the Standard of Conduct which prohibits them from short selling, hedging, purchasing or selling futures and options in State Street stock. In addition, IFPR Identified Staff are explicitly prohibited from using personal hedging strategies or liability-related contracts of insurance to undermine the risk alignment effects embedded in their remuneration arrangements. State Street's Personal Account Dealing team oversees and administers personal investment policies in several areas of State Street's business conducting particular regulated business activities or where employees have access to pre-trade information.

The policies contain different requirements, tailored to the specific risk within each business area. For example, all purchases and sales of State Street stock outside of the IC schemes require prior clearance for certain employees. For these employees, broker statements are submitted which are

reconciled to the employee records to ensure all trades have been submitted. There are also blackout periods for relevant staff which are implemented and monitored to ensure that no relevant employees trade State Street stock during such periods. Any violations are escalated to the HRC for consideration and action to be taken.

To avoid conflicts of interest for State Street's Control Functions, each Control Function has a reporting line that is independent from the Business Units they support. The global management for each respective Control Function is responsible for determining compensation to Control Function staff, within overall State Street guidelines. Funding and performance assessment for these employees is based on overall corporate results and not by reference to the Business Units that individual Control Function employees support. The IC payable to senior Risk and Compliance officers in the UK is considered and approved by the UK RemCo.

State Street has implemented a process pursuant to which a committee of the Board with oversight of an area managed by a selected Control Function specifically reviews the performance assessment and IC recommendations for the heads of the relevant Control Function, as well as an overview of the performance and compensation for the entire Control Function. Annually, the RC conducts these reviews with respect to the Chief Risk Officer and ERM Department. This process is designed, amongst other things, to provide the relevant committee with additional perspective on the performance of the relevant Control Function and whether that function is being allocated appropriate resources and compensation.

## 6.6. Quantitative Information<sup>3</sup>

	Senior Management	Other IFPR Identified Staff	Other Staff
<b>Total Remuneration (£ k)</b>	4,254	3,578	2,501
<b>Total Fixed Remuneration (£ k)</b>	2,423	2,176	2,288
<b>Total Variable Remuneration (£ k)</b>	1,831	1,402	213
<b>Number of IFPR Identified Staff</b>	13	11	31

	Senior Management	Other IFPR Identified Staff
<b>Guaranteed Variable Remuneration (£ k)</b>	0	0
<b>Number of IFPR Identified Staff</b>	0	0
<b>Severance payments (£ k)</b>	0	0
<b>Number of IFPR Identified Staff</b>	0	0
<b>Highest Amount of Severance Awarded to IFPR Identified Staff (£ k)</b>	0	0

<sup>3</sup> Provided on the basis of staff and IFPR Identified Staff for SSEL Group



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