

**CECP ADVISORS LLP**  
**PUBLIC DISCLOSURE STATEMENT**  
**YEAR ENDING 31 DECEMBER 2024**

**1. INTRODUCTION**

**1.1 Purpose**

CECP Advisors LLP (FRN 531409) (the "**Firm**") is authorised and regulated by the Financial Conduct Authority (the "**FCA**"). The Firm is a subsidiary of The Carlyle Group Inc. ("**Carlyle**"), which is a global investment firm that deploys private capital across three business segments: global private equity, global credit and investment solutions.

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 entities in Carlyle.

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 board of directors (the "Board")**

The Firm is governed by its Board. The Firm is required to ensure that the Board 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 Board;
- processes for the functioning of the Board, 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 Board 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;

- its policy on the suitability of the Board, which seeks to ensure that:
  - individually, the members of the Board 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 Board 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 Board

The members of the Firm's Board as of year end 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 Carlyle or in entities in which the Firm holds a qualifying holding.

Name	Number of additional directorships (executive and non-executive)
Gregor Boehm	0
Matthew Cottrell	0
Heather Mitchell	2

## 2.3 Diversity of the Board

The Firm is committed to promoting diversity and equal opportunities for staff throughout the Firm, including on its Board. The Firm believes that diverse and inclusive teams make better decisions, and this informs the Firm's recruitment and retention strategies, both across the organisation as a whole and at the level of its Board.

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 Board as a whole.

## 2.4 Risk governance

The Firm has well-established risk management policies in relation to the operational risks facing the business as well as those associated with the Firm's activities. The Board is ultimately responsible for the Firm's overall risk management and for maintaining an appropriate internal control framework. The Board is supported in its responsibility to manage the Firm's risk by Carlyle's global risk function.

### 3. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Firm considers that the potential for harm associated with its business strategy is low. Notably, the Firm does not engage in proprietary trading, underwriting, placing, clearing or settlement activities, hold significant on balance sheet exposures or provide custody services or services to retail clients.

The Firm's business strategy reflects its low-risk appetite towards conduct risk; prudential risk; reputational risk; legal, compliance and regulatory risk; financial crime risk; data and cyber security risk; and sustainability risk.

The Firm is remunerated by an affiliate, Carlyle Investment Management L.L.C. ("**CIM**"), on a cost-plus basis. These fees are therefore a stable and predictable source of income. Further information regarding CIM can be found in its publicly filed Form ADV available on the SEC's investment adviser public disclosure website.

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.

However, between 2022-2026, the Firm is able to benefit from transitional relief under FCA rules, as follows:

Requirement	2022	2023	2024	2025	2026	2027 (no transitional)
<b>Basic Own Funds Requirement – highest of</b>						
<b>Permanent Minimum Requirement</b>	£50,000	£55,000	£60,000	£65,000	£70,000	£75,000
<b>FOR</b>		10% of FOR	25% of FOR	45% of FOR	70% of FOR	100% of FOR
<b>KFR</b>		10% of KFR	25% of KFR	45% of KFR	70% of KFR	100% of KFR

<b>Basic Liquid Assets Requirement</b>	£16,667	1/3 of 10% of FOR	1/3 of 25% of FOR	1/3 of 45% of FOR	1/3 of 70% of FOR	1/3 of 100% of FOR
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Details of the Firm's own funds, i.e., broadly, its long-term subordinated capital, 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 Board.

The Firm's ICARA document is updated annually (or more frequently, as required) by the Firm's Finance 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 Board.

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

The Firm has a Senior Management Function-holder responsible for own funds and liquid assets compliance.

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.

### **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.

The Firm's revenue is derived entirely from one affiliated undertaking. Whilst this technically creates a concentration risk, the Firm considers that any downside of this is more than offset by the stability of revenue that the arrangement creates.

#### *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 and money market funds with a range of UK credit institutions, each of which has a satisfactory credit rating according to industry standard where applicable, 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 Board has overall responsibility for the Firm's remuneration policies and procedures, which have been adopted by the Board and are reviewed annually.

The Board has allocated responsibility for overseeing the implementation of the Firm's remuneration policy to an FCA-approved Senior Management Function-holder. The Firm's remuneration policies and practices are operated on a day-to-day basis by the Human Capital Management team with support from the Compliance team.

### **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 the Members of the Board including the Compliance Officer and Money Laundering Reporting Officer.

During the course of the year, the Firm identified three 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 and the Funds advised by the Firm.

The Firm awards both fixed remuneration (typically an annual salary, together with salary-linked pension contributions and benefits such as private medical insurance) and variable remuneration (typically a form of annual bonus or variable profit share, and potential grant of Carlyle restricted stock units).

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 performance of the individual, the performance of the individual's team, and the performance of the Firm and Carlyle as a whole. Different categories of variable remuneration are available to different types of staff, for example staff who are members of the Firm are entitled to receive a variable annual profit share whilst staff who are not members of the Firm are typically eligible to receive an annual performance bonus. Eligibility for certain types of variable remuneration is also linked to positions held within the Firm.

Carlyle determines the total available pool of variable remuneration by reference to the financial performance both at Firm level and at the level of each team, 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 does not typically offer non-standard forms of variable remuneration. The Firm hires individuals into roles conferring MRT status only rarely. In exceptional circumstances, the Firm may offer guaranteed variable remuneration to MRTs joining the Firm in the form of a 'lost opportunity bonus', provided the Firm's capital position is sufficiently sound at that time.

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

#### **4.4 Risk adjustment**

The Firm's variable remuneration arrangements are fully discretionary, and 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 early 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 and awarding severance pay.

#### 4.5 Quantitative disclosures

Total remuneration to <u>all</u> staff	
Total fixed remuneration	(GBP million)
Senior management and other MRTs	1.23
Other staff	26.48
<b>SUB-TOTAL</b>	<b>27.71</b>
Total variable remuneration	(GBP million)
Senior management and other MRTs	5.26
Other staff	64.92
<b>SUB-TOTAL</b>	<b>70.18</b>
<b>GRAND TOTAL</b>	<b><u>97.89</u></b>

Severance payments made to MRTs	
Total payments made	(GBP million)
Senior management and other MRTs	0.00
<b>TOTAL</b>	<b>0.00</b>
<b>Amount of highest severance payment awarded</b>	0.00
Awards of severance payments made	No. of MRTs
Senior management and other MRTs	0

Guaranteed variable remuneration awarded to MRTs	
Total payments made	(GBP million)
Senior management and other MRTs	0.00
<b>TOTAL</b>	<b>0.00</b>
Awards of guaranteed variable remuneration made	No. of MRTs
Senior management and other MRTs	0

## SCHEDULE 1 OWN FUNDS

Composition of regulatory own funds			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
<b>1</b>	<b>OWN FUNDS</b>	10,082	
<b>2</b>	<b>TIER 1 CAPITAL</b>	10,082	
<b>3</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>	10,082	
4	Fully paid up capital instruments	1,905	"Members' capital"
5	Share premium		n/a
6	Retained earnings		n/a
7	Accumulated other comprehensive income		n/a
8	Other reserves	8,177	"Other reserves"
9	Adjustments to CET1 due to prudential filters		n/a
10	Other funds		n/a
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		n/a
19	CET1: Other capital elements, deductions and adjustments		n/a
<b>20</b>	<b>ADDITIONAL TIER 1 CAPITAL</b>		n/a
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>		n/a
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		

Of the total Members' capital reported in the audited financial statements (£14,387k), £12,482k relates to individual members' contributions that do not meet CET1 eligibility conditions under MIFIDPRU 3.3.17R and is excluded from CET1. The remaining £1,905k is recognised as CET1 in Row 4.



<b>Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements</b>				
<i>Flexible template - rows to be reported in line with the balance sheet included in the audited financial statements of the investment firm.</i>				
<i>Columns should be kept fixed, unless the investment firm has the same accounting and regulatory scope of consolidation, in which case the volumes should be entered in column (a) only.</i>				
<i>Figures should be given in GBP thousands unless noted otherwise.</i>				
		a	b	c
		<b>Balance sheet as in published/audited financial statements</b>	<b>Under regulatory scope of consolidation</b>	<b>Cross-reference to template OF1</b>
		<b>As at period end</b>	<b>As at period end</b>	
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>				
1	Tangible Assets	7,643	n/a	n/a
2	Cash and cash equivalents	17,451	n/a	n/a
3	Debtors (current assets)	48,757	n/a	n/a
	<b>Total Assets</b>	<b>73,851</b>	n/a	n/a
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>				
1	Creditors (Amounts falling due within one year)	43,462	n/a	n/a
2	Creditors (Amounts falling due after one year)	7,825	n/a	n/a
	<b>Total Liabilities</b>	<b>51,287</b>	n/a	n/a
<b>Shareholders' Equity</b>				
1	Members' Capital (audited)	14,387	n/a	n/a
2	Less: individual members' capital excluded from CET1 (MIFIDPRU 3.3.17R)	(12,482)	n/a	n/a
3	Eligible members' capital recognised as CET1	1,905	n/a	OF1-4
4	Other reserves	8,177	n/a	OF1-8
	<b>Total Shareholders' equity / CET1</b>	<b>10,083</b>	n/a	OF1-3

A £1k variance between the audited financial statements and the ICARA arises from rounding. This has no impact on CET1/Own Funds, BOR or the risk assessment,

<b>Own funds: main features of own instruments issued by the firm</b>
<i>Free text.</i>
See Schedule 1 for the composition of regulatory own instruments issued by the firm.

## SCHEDULE 2 BASIC OWN FUNDS REQUIREMENTS

	Category of requirement	Amount (GBP thousands)
<b>1</b>	<b>PERMANENT MINIMUM REQUIREMENT</b>	75
<b>2</b>	<b>FIXED OVERHEADS REQUIREMENT</b>	9,069
<b>3</b>	<b>K-FACTOR REQUIREMENT</b>	1,562
<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>	<ul style="list-style-type: none"> <li>• K-AUM: 1,562</li> <li>• K-CMH: n/a</li> <li>• K-ASA : n/a</li> </ul>
<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>	<ul style="list-style-type: none"> <li>• K-COH: n/a</li> <li>• K-DTF: n/a</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>	<ul style="list-style-type: none"> <li>• K-COH: n/a</li> <li>• K-CMG: n/a</li> <li>• K-TCD: n/a</li> <li>• K-CON: n/a</li> </ul>
	<b>BASIC OWN FUNDS REQUIREMENT (HIGHEST OF ROWS 1-3)</b>	<b>9,069</b>