

Introduction

A new prudential framework for UK MiFID investment firms, referred to as the Investment Firms Prudential Regime (IFPR), came into force on 1 January 2022. The regime introduces new remuneration rules applicable to all UK investment firms, referred to as the “MIFIDPRU Remuneration Code”. The IFPR is influenced by the EU Investment Firm Regulation and Investment Firm Directive (IFR/D) but tailored to the UK. The IFPR aims to ensure better supervision with regard to remuneration.

Scope and application of the requirements

RXi Wealth Limited (FRN 749884) is incorporated in the UK and is authorised and regulated by the FCA and as such must comply with the new prudential regime and certain capital requirements.

RXi is categorised as an SNI (Small and Non-Interconnected) firm, meaning that (for MiFID wrapped portfolios):

- Average Assets Under Management are less than £1.2bn
- Average Client Orders Handled are less than £100m per day for cash trades
- Revenue is less than £30m
- Balance sheet total is less than £100m

As an SNI, RXi is subject to the “basic” remuneration requirements under the MIFIDPRU remuneration code. This remuneration policy is in respect of the performance year ending 31st October 2024.

Through a simple operational infrastructure RXi provides model portfolio management services to retail clients, supported by market leading technology and third party outsourcing arrangements. The fee income is recurring as it is based on a percentage of the funds under management.

As an investment management firm RXi does not act as principal, has no trading book exposures, does not hold positions and all remuneration is in Sterling.

The Firm is not a member of a UK Consolidation Group and so does not report on a consolidated basis for accounting and prudential purposes.

Gender neutral remuneration policies and practices

RXi’s policies are gender neutral and do not discriminate on the basis of the protected characteristics of an individual, in accordance with the Equality Act 2010.

Risk management

RXi is governed by its directors who determine its business strategy and risk appetite or tolerance for loss. They are responsible for establishing and maintaining the governance arrangements along with the implementation of an effective and dynamic process to identify risks, measure their potential likelihood and impact and ensure those risks are managed proactively.

The directors meet on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, and business planning and risk management. The directors manage RXi's risks through a framework of controls, policies and procedures having regard to relevant laws, standards, principles and rules (including FCA guidance, principles and rules) with the aim of operating a defined and transparent risk management framework. These policies and procedures are regularly reviewed and updated as required and the directors formally review the capital requirement thresholds under IFPR quarterly.

Business strategy

RXi Wealth has been trading for seven years. The voting shares are owned 50% by Colin Low; 50% by Jonathon Crisp. The source of the business has been new clients of Kingsfleet Wealth Ltd and Henson Crisp Ltd (both firms hold non-voting shares in RXi Wealth) together with existing clients switching from advisory arrangements to a discretionary mandate. During 2024, RXi onboarded ABS Financial, its first external firm of advisers.

We have in place an intermediary agreement, signed by all the firms we work with, based on a 'Reliance on Others' arrangement. This enables the service to be offered to a broader range of clients through recommendations from a select group of other financial advisory firms.

RXi Wealth offers a range of portfolios which consider sustainability as a priority, seeking to utilise an ethical solution for inclusion in these portfolios where possible. In addition, during 2023, RXi launched a range of income and growth portfolios to cater for clients with no sustainable considerations for their investments. The sustainable, income and growth portfolios all cover a range of risk profiles, from Cautious to Adventurous.

Continued planned growth in the numbers of clients and natural development of the company will see funds under discretionary management anticipated to be up to £125m in the next 12 months. Fee reductions have been implemented when levels of funds under management have made this possible, with the fee rate currently set at 0.20% (down from 0.21% in August 2023). The directors are generally risk averse for business strategy. We succeeded in onboarding a third financial adviser, introduced by our investment consultants QuantQual, during 2024. Client uptake via this IFA is carefully managed and monitored to ensure we continue to deliver a service which is fully compliant under Consumer Duty whilst ensuring cost effectiveness and efficiency in investment decisions and execution.

Avoiding conflicts of interest

RXi Wealth's conflict of interest policy identifies several actual or potential conflicts of interest and sets out how we monitor and manage each one. In terms of remuneration, all employees are paid a basic salary, which is not dependent on company performance, and there is a discretionary bonus scheme which is variable and linked entirely to company performance. Our processes ensure the payment of any performance-related bonus is proportionate and not as a result of inappropriate behaviour.

Oversight of remuneration policies and practices

Colin Low has overall responsibility for adopting, reviewing and overseeing the implementation of RXi Wealth's remuneration policy. This includes an annual review of the policy, as well as carrying out a performance assessment of staff members following financial year end, to determine the appropriate level of remuneration. The performance assessment will review objectives achieved

over the past financial year aswell as setting new targets for the coming year, and remuneration will be decided accordingly, being mindful of the firm's capital requirement thresholds.

Control functions

RXi Wealth's staff engaged in control functions consist of the two executive Directors, Colin Low and Jonathon Crisp. Both are FCA authorised and complete annual 'fit and proper' assessments and declarations.

Fixed/Variable remuneration & capital

The table below shows the fixed and variable remuneration figures as at 31 October 2024

	Salary	Non-discretionary pension contribution	Discretionary pension contribution	Discretionary bonus
Total for all employees	27,800	1,150	60,000	0

The Directors' discretionary pension is decided at the financial year end, dependent upon affordability. The figure is reviewed in the context of performance at the end of the financial year to ensure it is appropriate and proportionate. There was also a dividend paid during April 2024 of 25,000 to each of the directors, discretionary if profits allow.

Assessment of performance

Control function staff are assessed annually by way of fit and proper assessments and declarations. Both Directors receive the same level of remuneration. There is one member of staff who is not categorised as a control function, their performance assessment will be carried out by one or both Directors and takes into account both personal objectives (such as training and qualifications) and contribution to business development (such as implementation of a new process) over the past financial year. The outcome of this review, along with the firm's financial performance will determine the appropriate level of remuneration.

Remuneration disclosures

This is the second remuneration disclosure under MIFIDPRU 8 for RXi Wealth, and is published here <https://www.rxiwealth.com/remuneration-code.php>