



# MIFIDPRU 8 Disclosures

*Tickmill UK Ltd is authorised and regulated by the FCA - No.717270*

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Tickmill is a trading name of **Tickmill UK Ltd** (a company registered in England and Wales under number 09592225). Principal and Registered Office: First Floor, The Bengal Wing, 9A Devonshire Square, London EC2M 4YN. Authorised and Regulated by the Financial Conduct Authority. (FCA Register Number: 717270) with a DIFC Representative Office regulated by the Dubai Financial Services Authority (DFSA Reference No. F007663).

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## 1. Introduction

As a MIFIDPRU Investment Firm, **Tickmill UK Ltd** (the 'Company', 'Firm', 'Tickmill' or 'TMUK') is obliged to publicly disclose qualitative and quantitative information that are appropriate to its size and internal organisation, and to the nature, scope and complexity of its activities.

The provisions for public disclosure are set out in MIFIDPRU 8 and this document has been produced in order to meet the disclosure obligations of Tickmill. The disclosures are produced annually and are available on the Company's website - <https://www.tickmill.co.uk/>

### 1.1. Business Overview

The Company was incorporated in the United Kingdom as a Private limited Company with registration number 09592225, and it is authorised by the Financial Conduct Authority ('FCA') with licence number 717270 to offer the following regulated activities:

- a) Arranging (bringing about) deals in investments
- b) Dealing in investments as agent
- c) Dealing in investments as principal
- d) Making arrangements with a view to transactions in investments
- e) Agreeing to carry on a regulated activity

Further to the above, the Company is allowed to offer the above services for the following instruments for retail, professional and eligible counterparty clients:

- Commodity Future
- Commodity option and option on commodity future
- Contract for Differences (excluding a spread bet and, a rolling spot forex contract and a binary bet)
- Future (excluding a commodity future and a rolling spot forex contract)
- Option (excluding a commodity option and an option on a commodity future)
- Rights to or interests in investments (Contractually Based Investments)
- Rolling spot forex contract

The Company is a global provider of trading services and solutions, specializing in over the counter or OTC markets to private, retail high net worth and professional clients. TMUK offers customers access to as diverse range of over 200 financial products, including foreign exchange, indices, commodities and bonds via contracts for difference (CFDs) which are investment products with returns linked to the performance of an underlying commodity, index, equity or security.

The Company also offers Exchange Traded Derivatives (ETDs) to its retail and professional customers allowing them to trade futures and options on a number of contracts including indices and commodities.

Revenues from CFD's are generated from the dealing spread – the difference between the buy and sell price of the CFD, commission income, exchange gains and interest. Revenues from ETD's are generated from commission income charged per trade. The Company's success is achieved by providing a high-quality service to its customers and offering a variety of financial trading products and platforms. Clients are attracted to the Company for its value for money, ease of platform navigation, competitive dealing spreads and commission charges, in addition to high levels of customer service.

### **TMUK's Strategy**

The Business focuses on offering retail traders a more diverse product offering. It is the aim of the Business to provide an institutional level of service and product offering to its retail clients.

The Business has identified the following strategic aims:

- Facilitating better access to financial markets through "on" exchange products;
- Provide best-in-class technology;
- Offer best-in-class sales and sales trading services;
- Create a value proposal in terms of market analysis;

- To grow internationally (post BREXIT), particularly in the lucrative Far East markets; and
- The further developments of both the Business' technology and marketing, ensuring that the Company's systems, customer proposition and brand are far better aligned to deliver sustainable growth.

In addition, the Company will also continue to push the following "key success pillars" to ensure the long-term growth and viability of the business:

#### Industry-leading platforms

The Company offers first class technology and trading platforms on web, desktop, mobile and API ensuring that its offering fits in with the demands of the active trader.

#### Service

The Company provides an industry-leading customer experience, and a service tailored to individual and corporate customers' needs, both online and through its telephone, email and 'live-chat' channels;

#### Professional tools and news service

Targeted to customers' needs, TMUK's experienced in-house market analysts keeps clients up to date with market events, as well as offering access to professional third-party news and tools providers;

#### Educational materials

TMUK has created significantly enhanced education services to address all levels of trading experience, including face-to-face seminars both domestically and internationally and live market webinars from its team of market analysts;

#### Pricing

TMUK delivers a value proposition to clients without any compromise of strict adherence to quality products, platforms and service, in order to position the Company at the forefront of the industry's most competitive providers;

#### Marketing

The Company is focusing its brand and client proposition primarily through the trusted TMUK name, consolidating its online presence into a single TMUK-led offering which incorporates all of the Company's products and services. A consolidated focus on a single brand provides greater clarity for TMUK's clients while enabling optimisation of marketing spend; and

#### Dealing execution

TMUK provides a best-in-class dealing experience for clients across a broad range of markets and via multiple platform offerings. Clients will benefit from the Company's transparent and competitive dealing and execution services, for example through its liquidity providers, and the execution model on MetaTrader4, MetaTrader5 and CQG platforms.

TMUK also remains focused on progressing longer-term objectives:

- Actively extending the Business' geographic reach via representative offices in designated key locations across the Far East and in the Middle East;
- Continuing to develop and add to current product offering in response to customer demand; and
- Expanding the range of products to encompass more investment vehicles in order to meet the needs of existing customers and attract new customers with a broader product reach and appeal.

## 1.2. Classification

As per the provisions of MIFIDPRU, all UK Investment Firms are classified either as Small and Non-Interconnected ('SNI') and Non-Small and Non-Interconnected ('Non-SNI') FCA investment Firms.

To qualify as an SNI, an FCA investment firm:

- must not carry out activities that have the greatest potential to cause harm to its customers or to the markets in which it operates, and
- must not carry out any activities on such a scale that would cause significant harm to customers or to the markets in which it operates

Further to the above, the table below shows the quantitative thresholds that have been set by the FCA in order to be considered as an SNI:

**Table 1: SNI Thresholds**

No.	Metric	Thresholds
1.	Assets Under Management	< £1.2 billion
2.	Client orders handled – cash trades	< £100 million per day
3.	Client orders handled – derivative trades	< £1 billion per day
4.	Assets safeguarded and administered	zero
5.	Client money held	zero
6.	On- and off-balance sheet total	< £100 million
7.	Total annual gross revenue	< £30 million

Further to the above, the Company is categorized as a **non-SNI Investment Firm** since it does not meet all of the above criteria.

## 1.3. Scope of Application

This report is prepared on an individual level in accordance with the provisions of MIFIDPRU 8. The Report has as a starting point the financial information used in the Company's Financial Statements which are prepared in accordance with the International Financial Reporting Standards ("IFRS"). As the two documents serve different purposes, the reported figures illustrate differences, which lie on the differences of the fundamental concepts between the IFPR and the IFRS.

Taking into account the below principals as per the provisions of MIFIDPRU 8.1:

- The report is easily accessible and free to obtain;
- The report is clearly presented and easy to understand;
- The report is consistent with the presentation used for previous disclosure periods or otherwise allows a reader of the information to make comparisons easily; and
- The report highlights in a summary any significant changes to the information disclosed, when compared with previous disclosure periods.

Furthermore, and as a non-SNI Investment Firm, the Company is obliged to publicly disclose the following:

- MIFIDPRU 8.2 – Risk Management Objectives and Policies
- MIFIDPRU 8.3 – Governance Arrangements
- MIFIDPRU 8.4 – Own Funds
- MIFIDPRU 8.5 – Own Funds Requirements
- MIFIDPRU 8.6 – Remuneration Policy and Practices
- MIFIDPRU 8.7 – Investment Policy

Moreover, the Company does not fall within MIFIDPRU 7.1.4R(1) since the value of the firm's on and off-balance sheet items over the preceding 4-year period is a rolling average below £100million.

Therefore, the Company is not obliged to disclose information on Investment Policy as per the provisions of MIFIDPRU 8.7.

#### **1.4. Regulatory Framework**

The Report has been prepared in accordance with the regulatory regime for investment firms that the FCA has adopted, the IFPR. The IFPR establishes the prudential requirements in terms of own funds, level of minimum capital, concentration risk, liquidity requirements and level of activity with respect to UK investment firms.

The provisions on disclosure requirements are described in MIFIDPRU 8. In addition, these disclosures must be verified by the external auditors of the Company.

The Company's policy is to publish the disclosures required on an annual basis. The frequency of disclosure will be reviewed should there be a material change in approach used for the calculation of capital, business structure or regulatory requirements.

#### **1.5. Declaration of the Board**

The Board is required to proceed with an annual declaration on the adequacy of the Company's risk management framework and ensure that the risk management arrangements and systems of financial and internal control in place are in line with the Company's risk profile.

The Company's risk management framework is designed to identify, assess, mitigate and monitor all sources of risk that could have a material impact on the Company's operations. The Board considers that the Company has in place adequate systems and controls with regards to its size, risk profile and strategy and an appropriate array of properly resourced assurance mechanisms, to avoid or minimise loss. Key ratios and figures representing interaction of the risk profile and the stated risk tolerances are deemed to be proprietary information.

## 2. Risk Management Objectives and Policies (MIFIDPRU 8.2.)

To ensure effective risk management, the Company has adopted the Three Lines of Defence model, with clearly defined roles and responsibilities.

**First Line of Defence:** Managers are responsible for establishing an effective control framework within their area of operation and identifying and controlling all risks so that they are operating within the organisational risk appetite and are fully compliant with the Company's policies and where appropriate defined thresholds. The First Line of Defence acts as an early warning mechanism for identifying (or remedying) risks or failures.

**Second Line of Defence:** The Risk Management Function is responsible for proposing to the Board appropriate objectives and measures to define the Company's risk appetite, devising the suite of policies necessary to control the business including the overarching framework, independently monitoring the Company's risk profile and providing additional assurance where required. The Risk Management Function will leverage their expertise by providing frameworks, tools and techniques to assist management in meeting their responsibilities, as well as acting as a central coordinator to identify enterprise-wide risks and make recommendations to address them. Integral to the mission of the Second Line of Defence is identifying risk areas, detecting situations/activities in need of monitoring, and developing policies to formalise risk assessment, mitigation and monitoring.

**Third Line of Defence:** Comprised by the Internal Audit Function which is responsible for providing assurance to the Board on the adequacy of design and operational effectiveness of the systems of internal controls. Internal Audit undertakes on-site inspections/visits to ensure that the responsibilities of each Function are discharged properly (i.e. soundly, honestly and professionally) as well as reviewing the Company's relevant policies and procedures. Internal Audit works closely with both the First and Second Lines of Defence to ensure that its findings and recommendations are taken into consideration and followed, as applicable.

### 2.1. Risk Management Framework

The Board accepts that in its pursuit of its strategic and business goals, TMUK will be exposed to risk. Some risks will be consciously taken in the pursuit of profit. Other risks will be an indirect consequence of profit taking activities.

Accordingly, it is important that TMUK's overall risk-taking activities are undertaken within a set of prescribed limits and tolerances in order that the potential impact of such risks on the earnings and capital ratios of TMUK can be managed.

It is accepted that the risk profile of TMUK will vary and at times TMUK may be exposed to a higher level of risk particularly at times when market or environmental conditions may be volatile.

Managing risk effectively in a Company operating in a continuously changing risk environment, requires a strong risk management culture. As a result, the Company has established an effective risk oversight structure and the necessary internal organisational controls to ensure that the Company undertakes the following:

- Adequate risk identification and management,
- Establishment of the necessary policies and procedures,
- Setting and monitoring of relevant limits, and
- Compliance with the applicable legislation.

The Board meets on a regular basis and receives updates on risk and regulatory capital matters from management. The Board reviews regularly (at least annually) written reports concerning compliance, risk management and internal audit policies and procedures as well as the Company's risk management policies and procedures as implemented by Management.

As part of its business activities, TMUK faces a variety of risks, the most significant of which are described further below. The Company holds regulatory capital against the three all-encompassing main types of risk: credit risk, market risk and operational risk.

## 2.2. Risk Appetite Statement

The Company's activities expose it to a variety of risks, and in particular to credit risk, market risk, operational risk, compliance risk, regulatory risk, reputational risk, group risk, strategic risk, liquidity risk, conduct risk etc. The Company, through its operations, has a significant exposure to the economies and financial markets.

As regards the management of the risks arising from the current macroeconomic and political uncertainty (heightened inflation, Ukrainian crisis, climate crisis etc.), the Company is following the local government guidelines, enhancing its onboarding procedures and closely monitoring its capital and liquidity positions.

### **Risk Strategy**

The risk strategy of the Company is a responsibility of the Board, which formulates and is responsible for monitoring its implementation. This is achieved through the development of risk management processes and procedures as well as through an assessment of the risks undertaken and the effectiveness of the risk management framework, given the Company's business model. One important characteristic of the Company's risk strategy is the alignment with the strategic and operational targets that are set by the Board.

The risks that arise from the implementation of the Company's strategic and business plans are regularly analyzed in order to ensure the adequacy of the relevant policies, procedures and systems.

The risk strategy of the Company aims to provide to both Senior Management and employees a general risk framework for the management of the different types of risks in line with the overall risk management and risk bearing capacity of the Company. The Company recognizes the importance of risk management to its business' success, and therefore the overall objective is to establish effective risk management policies that are able to mitigate the Company's exposure to various risks.

### **Risk Appetite**

Risk appetite is the level and type of risk a firm is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders. Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events and outcomes. In addition, risk appetite should reflect potential impact on earnings, capital and funding/liquidity.

The Company has a low-risk appetite with respect to investing and managing business and operational activities.

According to the Financial Stability Board (FSB), an appropriate risk appetite framework (RAF) should enable the risk target, risk appetite, risk limits and risk profile to be considered for business lines and legal entities as relevant, and within the group's context.

The Risk appetite framework is defined as the overall approach, including policies, processes, controls, and systems through which the risk appetite is established, communicated, and monitored.

Moreover, it includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF.

The RAF should consider material risks to the financial institution, as well as to the institution's reputation vis-à-vis policyholders, depositors, investors and customers. The RAF aligns with the institution's strategy.

The Company is assessing its risk appetite with respect to investing and managing business and operational activities while the Company's Risk Appetite Statement is prepared by the Risk Manager and approved by the Board of Directors.

**Table 2: Risk Appetite areas**

Indicator	Normal <sup>1</sup>	Warning <sup>2</sup>	Limit <sup>3</sup>
Minimum Own Fund Requirement	>£1,500k	<£1,500k	£1,011k
Common Equity Tier 1 Ratio	>100%	<75%	56%
AT1 Capital Ratio	>125%	<100%	75%
Total Capital Ratio	>150%	<125%	100%
Liquid Assets	>£450k	<£450k	£337k
Return on Assets	≥5.00%	<5.00%	≤0.00%

Notes:

1. The level of the indicator is within the acceptable limits as per the Company's risk appetite.
2. The Company should take proactive actions in order to ensure that the level of the indicator will remain above the acceptable limits.
3. The level of the indicator falls below the acceptable limits and as such the Company should proceed with the required actions in order to restore the level of the said indicator to the normal predefined levels.

The Risk Appetite framework has been designed to create links to the strategic long-term plan, capital planning and the Company's risk management framework.

The Board approves the Company's corporate strategy, business plans, budget, long term plan and ICARA. The Company employs mitigation techniques defined within the Company's policies, to ensure risks are managed within its Risk Appetite.

### 2.3. Risk Culture

Risk culture is a critical element in the Company's risk management framework and procedures. Management considers risk awareness and risk culture within the Company as an important part of the effective risk management process. Ethical behaviour is a key component of the strong risk culture, and its importance is also continuously emphasised by the management.

The Company is committed to embedding a strong risk culture throughout the business where everyone understands the risks they personally manage and are empowered and qualified to take accountability for them. The Company embraces a culture whereby each business area is encouraged to take risk-based decisions, while knowing when to escalate or seek for advice.

### 2.4. Material Risks

In the context of the ICARA process, TMUK has identified the following material risks.

#### 2.4.1. Credit Risk

In the ordinary course of business, the Firm is exposed to credit risk, which is monitored through various control mechanisms. Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Firm has policies to diversify risks and to limit the amount of credit exposure to any particular counterparty in compliance with the requirements of the regulation. The Firm continuously monitors the fair value calculations, forecast and actual cash flows, and cost budgets

so that to ensure that the carrying level of Firm's own funds and consequently the Capital Adequacy ratio meet the regulatory requirements at all times.

Trade receivables are shown net of any provision made for impairment. The management believes that no additional credit risk, beyond amounts provided for collection losses, is inherent in the trade receivables. Cash balances are held with high credit quality financial institutions and the Firm has policies to limit the amount of credit exposure to any financial institution.

The Firm assesses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Trade receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method, less provision for impairment. For the trading receivables that are 90 days or more past due, in non-accrual status, the Firm classifies them as "in default", thus an impairment test will emerge. A financial asset is past due if a counterparty has failed to make a payment when contractually due.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Firm will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When a receivable is uncollectible, it is written off against the allowance account for other receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income. None of the derivative financial instruments is either past due or impaired.

#### 2.4.2. Market Risk

Market risk is the risk of losses arising because the value of assets and liabilities change as a result of adverse movements in market prices. Market risk includes Currency risk, Equity risk, interest rate risk and commodity risk. In the ordinary course of business, the Firm is exposed to foreign exchange risk, equity risk and traded debt instruments risk, which are monitored through various control mechanisms, imposed through the Firm's Risk Management Framework. The Firm manages its Market Risk through its well-designed in-house risk system, as well as by setting and controlling relevant risk limits, such as the establishment of maximum values/limits of exposure to a particular currency, as well as stop limits to open positions.

The Firm implements the Standardised Approach to quantify the Capital Requirements that correspond to the Foreign Exchange Risk the Firm faces, while the ICARA risk assessment methodology is used for comparisons. Capital requirements, as regards market risks, are calculated by the Risk Manager for capital adequacy reporting purposes.

#### 2.4.3. Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. Such an event could be caused by:

- A failure in process e.g. where sufficient controls are not in place to manage the risk (e.g. the absence of segregation of duties), hence creating an opportunity for someone to commit fraud or make an error that is not picked up;
- A system outage that is caused internally or by a supplier, such as a power outage; and
- An external event out of TMUK's control, such as an earthquake or a supplier failing to provide a service.

The Company manages operational risk through a control-based environment in which processes are documented, and transactions are reconciled and monitored. This is supported by continuous

monitoring of operational risk incidents to ensure that past failures are not repeated. The Board has established an operational risk appetite – the level of operational risk the Board is prepared to accept in pursuit of its strategic objectives and to meet its regulatory obligations. The Operational Risk Framework uses three lines of defense to manage controls and provides assurance to the Board and Audit Committee that risks are managed effectively across TMUK. Operational risk is ultimately the responsibility of all employees of TMUK. However, key roles and responsibilities are detailed below to define accountability within the operational risk process.

	<b>Owner</b>	<b>Roles and Responsibility</b>
<b>1st Line</b>	<b>Business Management</b>	Managers are responsible for the risks and controls within their departments. They manage operational risk on a day-to-day basis.  Monitor and report events, raising awareness to the Business of any control weaknesses and taking appropriate action where necessary.
<b>2nd Line</b>	<b>Control Functions</b>	The control functions provide oversight by conducting checks and supporting processes to ensure risks and controls are being managed as documented.  The control functions consist of the Risk & Operations teams, Compliance, Legal and Finance.
	<b>Risk and Regulatory Committee</b>	Develop and apply the operational risk framework to: <ul style="list-style-type: none"> <li>Identify risks so that TMUK can ensure it has sufficient controls in place to mitigate each risk either by preventing an event happening in the first place or by minimising the impact of the event;</li> <li>Monitor operational risk events and report to the appropriate levels within the Business to ensure sufficient action is taken where risks fall outside the risk appetite; and</li> <li>Measure the potential losses due to operational risk, to ensure TMUK has sufficient capital to cover such losses.</li> </ul> Challenge issues raised by the control functions. Sets actions and ensures they are resolved within a timely manner. Review of the risk groups, most significant risks and events highlighted by the KRI's. Propose new KRIs to the Board when appropriate.
<b>3rd Line</b>	<b>Internal Audit</b>	TMUK's third party Internal Audit service providers act at the direction of the audit committee to undertake reviews of specific areas of the Business.
	<b>External Audit</b>	External Audit review business processes and controls across the Business periodically, to provide further assurance of effective risk and control management within TMUK.
	<b>The Board and Risk Committee</b>	The Board set the Risk Appetite Statement and KRIs and challenges the risk management process with recommendations from the Risk Committee

Risk policy and management tools:

Based on the Company's Internal Risk Assessment falling within the scope of ICARA, General Operational Risk is rated as a C2 risk.

Based on the ICARA Risk Management Methodology, the Company also assesses specific Risks of Operational nature such as the following, which nonetheless, when examined in isolation, have been assessed as non-material B risks (see also Risk Register):

- Business Continuity/Systems failure Risk - utility disruptions, software failures, hardware failures,
- Control Failure Risk - data entry errors, accounting errors, failed mandatory reporting, negligent loss of Client assets, product defects,
- Mergers & Acquisitions risk,
- Internal or external Fraud Risk - misappropriation of assets, account churning, tax evasion, intentional mismarking of positions, bribery, theft of information, hacking damage, third-party theft and forgery fiduciary breaches.
- Insurance Risk,
- Terrorism Risk,
- Policy Violation Risk,
- Third Party dependency Risk (e.g. internet provider),
- Outsourcing Risk,
- Information and Technology Risk,
- Physical Security Risk,
- Personnel issues/loss of key employees Risk,
- Loss of data Risk,
- Systems failure Risk
- External events (e.g. power-cut),

Moreover, the Company has in place risk management policies and procedures, as these are briefly demonstrated within the Risk Register, which identify the operational risks relating to the Company's activities, processes and systems, and where appropriate, set the level of risks tolerated by the Company while specific policies have also been documented as regards backup procedures, software maintenance, hardware maintenance, use of the internet and anti-virus procedures. Thus, the Company considers that the materialization of operational risks has been minimized to the lowest possible level, while a rational amount of capital is also ear-marked.

Further to the above, the company has in place controls and procedures in order to reduce the operational risk as follows:

- Monitoring of the effectiveness of policies, procedures and controls;
- Use of systems to automate processes and controls to eliminate risk due to human error;
- Ongoing maintenance of procedures to prevent unauthorised actions and errors;
- Use of training to reduce the likelihood of human error arising from lack of expertise
- Maintaining risk registers in the context of ICARA; and
- Maintaining a four-eye structure and implementing board oversight over strategic decisions made by the heads of departments;

Furthermore, the Company has in place additional policies and processes whose implementation assists with the evaluation and management of any exposures to operational risk. Such policy and process are the Business Continuity and Recovery Plan. The Company acknowledges that a significant hazard exists to its ability to continue normal business procedures following unexpected incident. Moreover, the Company has an important dependency with its automatic systems and processes. As a result, a business continuity and recovery plan are needed in order to deal with the risk of potential disaster.

The objectives of this plan are to provide:

- i) continuing operations so that the Company can offer its services to the clients,
- ii) business and records protection,
- iii) a framework for risk and exposure controlling,
- iv) measures against risks.

Thus, the Company considers that the materialization of operational risks has been minimized to the lowest possible level, while a rational amount of capital is also ear-marked.

#### **2.4.4. Concentration Risk**

Concentration risk represents any single exposure or group of similar exposures (for instance to the same borrower or counterparty, geographical area or industry) with the potential to produce losses which are large enough to threaten the Company's ability to maintain its core operations or result in a material change in the Company's risk profile.

Risk policy and management tools:

In order to mitigate concentration risk, so as to be in accordance with Company's risk appetite, the Company diversifies its funds in a number of institutions.

It is worth noting that TMUK has no strict liability in the event of the failure of such a financial institution, as long as it is in compliance with FCA and other regulator client money rules, including those on the selection of client money banks, though the loss of client money could damage TMUK's franchise on a forward-looking basis.

All financial institution exposure limits are reviewed at least annually by TMUK's R&RC. An exposure summary covering both client money deposits and own funds exposures is circulated to TMUK's senior management on a daily basis.

**2.4.5. Liquidity Risk**

Funding liquidity risk is the possibility that, over a specific horizon, the Company will be unable to meet its demands/needs for money (i.e. cash) through a probable mismatch of assets and liabilities. Furthermore, liquidity risks can also arise either via extreme market conditions and/or failures of designated counterparties that the Company associates with.

Under the Current Regime the firms should hold, at all times, liquid assets amounting to 1/3 of Fixed Overhead Requirements

Risk policy and management tools:

A daily liquidity report is circulated to the senior managers in the Business. The report highlights the net cash position of the Company. The report is reviewed by the managers and directors with responsibility for liquidity oversight and any significant liquidity risk matters are escalated to the Board as appropriate.

Early warning indicators of liquidity risk are communicated to the directors. Any significant expenditure must be approved in line with the authorisation limits and must be either budgeted or approved by the Board. The approval of significant expenditure is only obtained once appropriate assurance has been given that the Company will have sufficient liquid resources to meet its liabilities as they fall due. All forecasts are approved by the Board. The finance team implement preventative controls to ensure that significant expenditure is not made without authorisation and without first ensuring that the Company has sufficient resources.

**2.4.6. Business Risk**

Business Risk arise due to probable losses that might be incurred by the Company during unfavourable market conditions, thus having a current and/or future possible impact on earnings or capital from adverse business decisions and/or lack of responses to industry changes by the Company.

Additionally, for the provision of investment and ancillary services and/or performance of investment activities in a third country, business risk may arise from the probability of inadequate profits or losses, due to changes in a third country's government policy or the increased competition in the third country.

Furthermore, the business risk may arise from the probability of inadequate profits or losses due to unavailability of the Liquidity Providers to execute transactions.

Risk policy and management tools:

The Company may be exposed to business risk in case of a deterioration of the business and economic conditions in the markets in which it operates. The Company's business plans involve an expansion of its clientele so as to grow its revenue base and increase its profitability. However, the Company has taken into consideration Business Risk when preparing its financial projections and when conducting its stress testing.

In order to avoid any potential damage to the Company's financial position, the Company continuously evaluates (and redesigns if and when necessary) its business plans taking into account changing economic conditions.

The Company has policies and procedures in place when dealing with possible Client complaints in order to provide the best possible assistance and service under such circumstances. The said procedures are documented in the Company's IOM and are also disclosed to Clients and potential Clients through the Company's website. As previously discussed, the possibility of having to deal with Client complaints is high, despite the Company does its best to provide high quality services to its Clients.

#### 2.4.7. Legal & Compliance risk

Legal & Compliance risks arise from violations of, or non-conformance with, the FCA's handbook and applicable MIFIDPRU rules issued thereof, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the Company mainly to financial losses due to imposed fines from the Regulators. Compliance incidents may also lead to diminished reputation, reduced Company value, limited business opportunities, reduced expansion potential, and possible inability to enforce contracts.

The approach of FCA to the violations regarding non-compliance with the provisions of the relevant legislation is very strict. The imposition of high administrative sanctions to the entities or persons that conduct that kind of violations is a very strong tool for the protection of investors as it operates in a suppressive and preventive way, ensuring the compliance of the relevant entities and persons with their legal obligations and the avoidance of the repetition of such violations. Furthermore, the publication of all administrative penalties which are imposed by the Commission (name and shame), works preventively due to the bad publicity caused to the persons and companies.

In cases where FCA establishes non-compliance of supervised entities, after weighing the importance of the violations, it uses the following actions:

- Reprimands and sets a deadline for compliance to the relevant FCA investment firm
- Imposes administrative penalties
- Revokes the authorisation of the relevant FCA investment firm
- Suspends the authorisation of the relevant FCA investment firm

The probability of such risks occurring is relatively low due to the detailed internal procedures and policies implemented by the Company and regular reviews by the Internal Auditors. The structure of the Company is such that it promotes clear coordination of duties, and the management consists of individuals of suitable professional experience, ethos and integrity, who have accepted responsibility for setting and achieving the Company's strategic targets and goals. In addition, the Board meets at least annually to discuss such issues and any suggestions to enhance compliance are implemented by management.

Finally, the Company may be exposed to AML risk leading to compliance issues, when this arises from cooperation of the Company with clients in third countries. All financial institutions should be required to "have in place adequate policies, practices and procedures that promote high ethical and professional standards and prevent the company from being used, intentionally or unintentionally, by criminal elements". Certain key elements should be included by banks in the design of KYC programmes. Such essential elements should start from the banks' risk management and control procedures and should include:

- customer acceptance policy,
- customer identification,
- on-going monitoring of high-risk accounts and
- risk management.

Financial institutions should not only establish the identity of their customers but should also monitor account activity to determine those transactions that do not conform with the normal or expected transactions for that customer or type of account. KYC should be a core feature of Company's risk management and control procedures and be complemented by regular compliance reviews and internal audit. The intensity of KYC programmes beyond these essential elements should be tailored to the degree of risk.

Risk policy and management tools:

The Compliance Officer is primarily responsible for managing the Company's compliance risk and assessing the Company's AML procedures. During the assessment of the said risk, the Company takes into consideration the possibility of incidents of non-compliance occurring and of subsequent possible penalties from FCA. The Company's practices as regards Anti-Money Laundering procedures are also assessed for their compliance with the regulatory requirements, in order to alleviate instances of non-compliance.

Following the Company's efforts to enhance its compliance levels, the Company arranges annually an on-site internal audit inspection by its Internal Auditor in order to assess its compliance with the regulatory framework. Furthermore, the Company's Compliance Officer initiated a program to supervise and examine in detail the level of compliance of certain areas of the Company with the relevant legislation, propose remedy measures/actions, and provide relevant training to the Company's personnel.

**2.4.8. Reputational Risk**

Reputational Risk could materialise after an incident urges the Company's clients, counterparties, investors or regulators to adopt an adverse perception about the Company and its image. It may also occur as an effect of poor customer service or from potential fines/sanctions imposed by FCA, due to the loss of a key director, the loss of large Clients, fraud or theft, Client claims, legal actions against the Company and from negative publicity relating to the overall Company's operations whether such fact is true or false.

Risk policy and management tools:

The Company is aware that, operating in a demanding industry, with many competitors, who may also act in unethical ways, could introduce risks of reputational nature. The possibility of having to deal with serious incidents is limited as the Company exerts its best efforts in providing high quality services to its Clients. In addition, the Company's Board members and Senior Management comprise of experienced professionals who are recognized in the industry for their integrity and ethos, and, as such, add value to the Company.

The Company aims to minimise reputational risk through the implementation of a strong internal control system and adequate policies and procedures (including in the area of client complaint handling). Furthermore, the Company aims to also mitigate this risk by ensuring that all employees are adequately trained and equipped with the required skills to fulfil their duties.

### 3. Governance Arrangements (MIFIDPRU 8.3)

The Company's systems of risk management and internal control include risk assessment, management or mitigation of risks, including the use of control processes, information and communication systems and processes for monitoring and reviewing their continuing effectiveness.

The risk management and internal control systems are embedded in the operations of the Company and are capable of responding quickly to evolving business risks, whether they arise from factors within the Company or from changes in the business environment.

TMUK's Board has overall responsibility for the assessment of the Company's capital requirements. In order to support the Board in its assessments, TMUK has developed a risk management framework and a reporting cycle to provide assurance that risks are understood and measured.

The Board is supported in its monitoring of the risk framework by the Risk & Compliance Committee ("R&CC"), Remuneration Committee and Client Money Committee with the R&CC monitoring and reviewing the effectiveness of the Company's internal audit process. The Risk Committee is responsible for the oversight of all risk matters for the Group. The Remuneration Committee's responsibility in relation to risk management is to review remuneration levels throughout the Business and assess the impact of remuneration on risk.

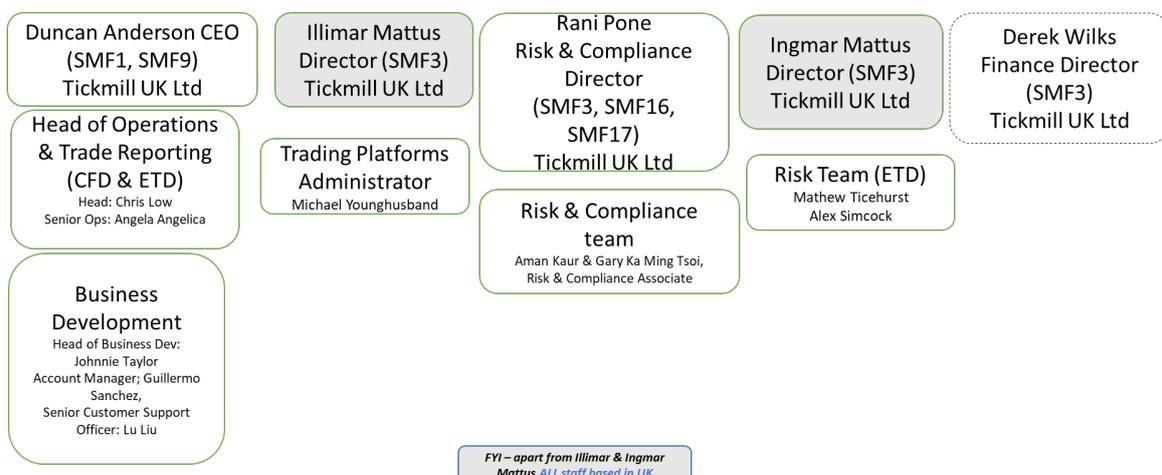
The Senior Management Team for TMUK are present within the Business to deal with issues as they arise, and the team generally meets weekly. The frequency of the meetings reflects the corporate commitment of senior management to play an active role in day-to-day management decision making and sets the tone across the Company that oversight of operations and risk management are central to the corporate culture.

The control functions of Finance, Risk, Compliance and IT provide reporting to the Board and relevant committees on a monthly basis. In addition to the control functions, TMUK has embedded much of the risk management into underlying business operations. For example, a policy framework has been implemented across the Company to support the adoptions of risk management practices and controls.

#### 3.1. Organisational Structure

The Company's latest organisational structure is as follows:

##### Tickmill UK Ltd - resource headcount (18 FTE)



Through the said structure, the Company incorporates a strict Internal Governance framework. Furthermore, the Organisational Structure incorporates the various organisational and functional reporting lines, as well as the different roles and responsibilities therein, while it also facilitates the compliance of the Company with the principle of segregation of duties and helps in the avoidance and control of possible conflict of interest situations within the Company.

Moreover, Tickmill maintains adequate risk management policies and procedures which identify the risks relating to the Company's activities, processes and systems, and where appropriate, sets the level of risk tolerated by the Company. The Company adopts effective arrangements, processes and systems, considering the level of risk tolerance set, where applicable.

### 3.2. Board of Directors

The Company's Board of Directors comprises of five executive directors.

The Board has the ultimate and overall responsibility for the investment firm and defines, oversees and is accountable for the implementation of the governance arrangements. The Board is responsible for ensuring that the Company complies at all times with its obligations under the Law. In doing so, the Board approves and periodically reviews the effectiveness of the policies, arrangements and procedures in place, whilst if needed, takes appropriate measures to address any deficiencies.

The Board has the overall responsibility for TMUK's assessment of capital. The Board has formally approved a Risk Appetite Statement, details of which are included in this section of the document.

In order to establish an effective environment for risk control, TMUK has developed a Risk Management Framework to identify measure, manage and monitor risks faced by the Business. TMUK's Risk Management Framework provides the Board with assurance that the risks are understood and managed with appropriate boundaries and comprises both TMUK's Risk Governance Framework and Risk Reporting Cycle.

The Board (supported by the Risk & Compliance Committee and Client Money Committees) has responsibility for ensuring that TMUK's internal controls are adequate and reviewing the performance of the risk control processes.

Members of the Board possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board reflects an adequately broad range of experiences to be able to understand the Firm's activities, including the main risks to ensure the sound and prudent management of the Firm as well as sufficient knowledge, of the legal framework governing the operations of an FCA MIFIDPRU Firm.

The Board of Directors has met 6 times during the year of review.

### 3.3. Committees

Establishing committees helps management bodies in their supervisory functions. Committees draw on the specific knowledge and areas of expertise of individual management body members. While committees should prepare decisions and make recommendations to the management body in its supervisory function, the management body has the overall responsibility.

Moreover, the Company does not fall within the scope of MIFIDPRU 7.1.4R(1) since the value of the firm's on and off-balance sheet items over the preceding 4-year period is a rolling average below £100 million. Therefore, the Company is not obliged to establish any committee. However, the Company has established Risk Framework by the Risk & Compliance and Client Money Committees in order to ensure the effectiveness of the overall policies and practices applied.

#### **Risk and Compliance Committee (R&CC)**

The Risk & Compliance Committee acts as a dedicated forum in respect of all risk matters for TMUK.

The committee's responsibilities include:

**1. Monitoring:**

- the effectiveness of the Firm's overall internal control environment
- the effectiveness of the Firm's risk management framework
- the Firm's risk profile, including risk levels, trends and concentrations
- management's assessment of the likelihood of the risks concerned materialising
- significant risk loss events
- key Compliance and Financial Crime risks
- conduct risk
- regulatory and legal developments in respect to Compliance and Financial Crime
- the effectiveness of operational controls over Compliance and Financial Crime
- new business and product proposals.

**2. Risk Management Framework:** In relation to risk, the Committee is required, annually and whenever there is a significant change in Firm's structure or business environment, to:

- a. review and approve the adequacy of elements of the Firm's risk management framework delegated by the Board, including a consideration of:
  - risk strategies and risk policies
  - the apportionment and oversight of risk management responsibilities
  - monitoring mechanisms such as key risk indicators (KRIs)
  - the Firm's risk register
- b. review and recommend to the Board, the Firm's risk appetite appropriate to meeting the overall TMUK Group strategy and objectives.
- c. receives and review reports on any material breaches of risk limits and the adequacy of any proposed action
- d. reviews the impact of regulatory developments relating to risk-based capital.

**3. ICARA:** The Committee shall review and recommend to the Board for approval the Firm's ICARA.

The Committee supports the Board in its monitoring and review of the effectiveness of the Group's internal audit function.

The Risk and Compliance Committee has met 11 times during the year of review.

**CASS Committee**

The primary oversight responsibilities of the committee with respect to risk are to review:

- Ensure adherence to FCA's Client Assets and Client Money Rules.
- Root cause analysis of all Client Money breaches.
- Review, analyse and improve the automated reconciliation process.
- Review implication of any new rules/ requirements.
- Review buffers and Counterparties and make appropriate recommendations to the Boards.
- Ensure associated policies and procedures are up to date, e.g.: Client Money Policy, CASS Resolution Pack, Trust Letters, etc.
- Recommend revisions to the Client Money Policy and CASS Resolution Pack to the Boards.
- Ensure appropriate levels of monitoring, first line Finance department, second line Compliance department and third line Auditors
- From time-to-time Client Money should be audited and reviewed by an independent Auditor.
- Discuss any new regulation which could affect the daily TMUK client money process.
- Discuss any new aspect of TMUK business which could affect the daily TMUK client money process.

The CASS Committee has met 12 times during the year of review.

**3.4. Policy on Recruitment**

Recruitment into the Board combines an assessment of both technical capability and competency skills referenced against the Company's leadership framework. Members of the Board possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the

Board reflects an adequately broad range of experiences to be able to understand the Company's activities, including the main risks to ensure the sound and prudent management of the Company as well as sufficient knowledge, of the legal framework governing the operations of the Firm. Also, in line with the Senior Management Certification Regime (SMCR) rules applied by the FCA, all prudent checks, approval and authorisation has been obtained from the FCA on all Board members.

### 3.5. Number of Directorships

The table below discloses the number of directorships held by members of the management body of the Company, including the Firm and any other companies belonging to the same group, as at 31 December 2024. Directorships in organisations which do not pursue predominantly commercial objectives such as non-profit or charitable organisations, are not taken into account for the purposes of the below.

**Table 3: Number of Directorships of the members of the Board of Directors\***

<b>Name of Director</b>	<b>Position</b>	<b>Number of Executive Directorships</b>	<b>Number of Non-Executive Directorships</b>
Duncan Anderson	Executive	3	-
Illimar Mattus	Executive	4	-
Ingmar Mattus	Executive	5	-
Rani Pone	Executive	1	-
Derek Wilks	Executive	1	-

*\*The information in this table is based only on representations made by the directors of the Company.*

For the purpose of the above, Executive or Non-Executive directorships held within the same group shall count as a single directorship.

### 3.6. Policy on Diversity

The Company is committed to promoting a diverse and inclusive workplace at all levels, reflective of the communities in which it does business. It approaches diversity in the broadest sense, recognizing that successful businesses flourish through embracing diversity into their business strategy, and developing talent at every level in the organisation.

For this purpose, the Company takes into consideration various aspects such as broad industry experience, knowledge, independence, gender, age and cultural and educational background for the Board appointments.

#### 4. Own Funds (MIFIDPRU 8.4)

Own Funds (also referred to as capital resources) are the type and level of regulatory capital that must be held to enable the Company to absorb losses. During the year, the primary objective of the Company with respect to capital management was to ensure that it complied with the imposed capital requirements with respect to its own funds and that the Company maintained healthy capital ratios in order to support its business. Further to the above, the Company, as a non-SNI Investment Firm, shall at all times have own funds at least the highest of the following:

- Permanent Minimum Capital Requirement,
- Fixed Overheads Requirements, and
- K-Factors Requirement.

TMUK throughout the year under review, managed its capital structure and made adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities.

##### 4.1. Composition of Regulatory Own Funds

The following information provides a full reconciliation of the Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) instruments and Tier 2 (T2) instruments issued by the Company. The Company's regulatory capital comprises fully of CET1 capital while it has not issued any AT1 or T2 capital.

**Table 4: Composition of Regulatory Own Funds**

No.	Item	Amount	Source based on reference number of Table 6
<b>1.</b>	<b>OWN FUNDS</b>	<b>16,837</b>	
<b>2.</b>	<b>TIER 1 CAPITAL</b>	<b>16,837</b>	
<b>3.</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>16,837</b>	
4.	Fully paid-up capital instruments	6,740	1(Shareholders' Equity)
5.	Share premium	-	N/A
6.	Retained earnings	10,100	2(Shareholders' Equity)
7.	Accumulated other comprehensive income	-	N/A
8.	Other reserves	-	N/A
9.	Adjustments to CET1 due to prudential filters	-	N/A
10.	Other funds	-	N/A
<b>11.</b>	<b>(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1</b>	<b>(3)</b>	
19.	CET1: Other capital elements, deductions and adjustments	(3)	6(Assets)
<b>20.</b>	<b>ADDITIONAL TIER 1 CAPITAL</b>	<b>-</b>	
21.	Fully paid up, directly issued capital instruments	-	N/A
22.	Share premium	-	N/A
<b>23.</b>	<b>(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1</b>	<b>-</b>	
24.	Additional Tier 1: Other capital elements, deductions and adjustments	-	N/A
<b>25.</b>	<b>TIER 2 CAPITAL</b>	<b>-</b>	
26.	Fully paid up, directly issued capital instruments	-	N/A
27.	Share premium	-	N/A
<b>28.</b>	<b>(-) TOTAL DEDUCTIONS FROM TIER 2</b>	<b>-</b>	
29.	Tier 2: Other capital elements, deductions and adjustments	-	N/A

##### 4.2. Main Features of Capital Instruments

The Company is obliged to disclose information on the main features of the CET 1 instruments, Additional Tier 1 instruments and Tier 2 instruments. Therefore, the Company's capital instruments' main features are outlined below:

**Table 5: Own funds: main features of own instruments issued by the firm**

No.	Item	Free text
1	Issuer	Tickmill UK Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	213800MJA1IYP2AN9T03
3	Public or private placement	Private
4	Governing law(s) of the instrument	English Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Share
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	6.740
7	Nominal amount of instrument	£6,740,000
8	Issue price	£1
9	Redemption price	N/A
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	14 May 2015
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	N/A
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	N/A
23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument	N/A

#### 4.3. Balance Sheet Reconciliation

The Company shall disclose the balance sheet included in its audited financial statements for the year-end disclosures.

As at 31 December 2024, the reconciliation of the Company's assets and liabilities and regulatory Own Funds are shown in the following table:

**Table 6: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements**

		<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>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>				
1.	Property, plant and equipment	17,868	N/A	N/A
2.	Right of use assets	137,996	N/A	N/A
3.	Trade and other receivables	3,651,896	N/A	N/A
4.	Refundable taxes	70,696	N/A	N/A
5.	Cash at bank and in hand	20,960,150	N/A	N/A
6.	Deferred Tax Assets	3,237	N/A	Ref. 19
7.	Other Investments	573,870	N/A	N/A
<b>Total Assets</b>		<b>25,256,612</b>		
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>				
1.	Lease liabilities (non-current liabilities)	1,124	N/A	N/A
2.	Trade and other payables	8,009,006	N/A	N/A
3.	Lease liabilities (current liabilities)	109,362	N/A	N/A
4.	Other financial liabilities	419,742	N/A	N/A
5.	Derivative Financial Instruments	36,126	N/A	N/A
<b>Total Liabilities</b>		<b>8,574,236</b>		
1.	Share Capital	6,740,000	N/A	Ref. 4
2.	Retained Earnings	10,100,353	N/A	Ref. 6
<b>Total Shareholders' equity</b>		<b>16,840,353</b>		

## 5. Own Funds Requirements (MIFIPDRU 8.5.)

The Company as a non-SNI Investment Firm shall at all times have own funds at least the highest of the following:

- a) Permanent Minimum Capital Requirement,
- b) Fixed Overhead Requirements, and
- c) K-Factors Requirement.

### 5.1. Permanent Minimum Capital Requirement

As per the provisions of MIFIDPRU 4.4, where a MIFIDPRU Investment Firm has the permission to carry on any of the following investment activities, it is required to maintain a Permanent Minimum Capital Requirement of £750,000:

- a) dealing on own account;
- b) underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis; or
- c) operating an organised trading facility, if the firm is not subject to a limitation that prevents it from carrying on the activities otherwise permitted by MAR 5A.3.5R.

Moreover, and in case of a MIFIDPRU Investment Firm that has permission to provide the following activities:

- a) operating a multilateral trading facility;
- b) operating an organised trading facility, if the firm is subject to a limitation that prevents it from carrying on the activities otherwise permitted by MAR 5A.3.5R;
- c) holding client money or client assets in the course of MiFID business; and

but it does not have permission for any of the following:

- a) dealing on own account;
- b) underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
- c) operating an organised trading facility, if the firm is not subject to a limitation that prevents it from carrying on the activities otherwise permitted by MAR 5A.3.5R,

then the firm is required to maintain a Permanent Minimum Capital Requirement of £150,000.

Finally, in case of a MIFIDPRU Investment Firm which is authorised to offer the following services but is not permitted to hold clients' money or client assets in the course of its MiFID business, the applicable Permanent Minimum Capital Requirement is £75,000:

- a) reception and transmission of orders in relation to one or more financial instruments;
- b) execution of orders on behalf of clients;
- c) portfolio management;
- d) investment advice; or
- e) placing of financial instruments without a firm commitment basis; and

Therefore, since the Company is authorised to provide the investment service of dealing on own account, its initial capital is £750k.

### 5.2. Fixed Overheads Requirement

The fixed overheads requirement (FOR) applies to all MIFIDPRU Investment Firms. The FOR is intended to calculate a minimum amount of capital that a MIFIDPRU Investment Firm would need available to absorb losses if it has cause to wind-down or exit the market.

It is calculated as the one quarter of the fixed overheads of the preceding year (or business plan where the audited financial statements are not available) in accordance with the provisions of MIFIDPRU 4.5. When calculating its fixed overheads requirement, a firm must use the figures resulting from the accounting framework applied by the firm in accordance with MIFIDPRU 4.5.2R.

Further to the above, the Company's fixed overheads requirement based on the latest audited financial statements is £1,011k as per the table below:

**Table 7: Fixed Overheads Requirement**

<b>Item</b>	<b>£'000</b>
<b>Total expenses of the previous year after distribution of profits</b>	<b>8,053</b>
<b>Total deductions</b>	<b>4,043</b>
(-) Staff bonuses and other remuneration	(164)
(-) Employees', directors' and partners' shares in net profits	-
(-) Other discretionary payments of profits and variable remuneration	(3)
(-) Shared commission and fees payable	(2,083)
(-) Fees, brokerage and other charges paid to CCPs that are charged to customers	(1,412)
(-) Fees to tied agents	-
(-) Interest paid to customers on client money where this is at the firm's discretion	-
(-) Non-recurring expenses from non-ordinary activities	-
(-) Expenditures from taxes	(348)
(-) Losses from trading on own account in financial instruments	-
(-) Contract based profit and loss transfer agreements	-
(-) Expenditure on raw materials	-
(-) Payments into a fund for general banking risk	-
(-) Expenses related to items that have already been deducted from own funds	-
<b>Annual Fixed Overheads</b>	<b>4,043</b>
<b>Fixed Overheads requirement</b>	<b>1,011</b>

### 5.3. K-Factors Requirement

The K-factor capital requirements are essentially a mixture of activity- and exposure-based requirements. K-factor application to an individual FCA investment firm will depend on the MiFID investment services and activities the Firm undertakes.

Capital requirement from applying K-factors formula is the sum of Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF') as described in the table below:

**Table 8: K-Factors Proxies**

Risk to Client (RtC)	Risk to Market (RtM)	Risk to Firm (RtF)
<ul style="list-style-type: none"> <li>• K-AUM: Assets Under Management</li> <li>• K-ASA: Client Assets Safeguarded and Administered</li> <li>• K-CMH: Client Money Held, and</li> <li>• K-COH: Client Orders Handled</li> </ul>	<ul style="list-style-type: none"> <li>• K-NPR: Net Position Risk (calculated in accordance to CRR); or</li> <li>• K-CMG: Clearing Member Guarantee</li> </ul>	<p><b>Sum of:</b></p> <ul style="list-style-type: none"> <li>• K-TCD: Trading Counterparty Default</li> <li>• K-CON: Concentration risk based on large exposures, and</li> <li>• K-DTF: Operational risks from Daily Trading Flow</li> </ul>

Further to the above and since the Company is authorised to offer the Dealing on Own Account while it is not authorised to offer the Portfolio Management or Investment Advice Investment Services, all K-factors apply to the Company except K-AUM.

### 5.3.1. Risk to Client

The risk to Client proxy captures the risk that may be inflicted onto the clients. RtC exists in the activities/services of the firm which are related to the client and are measured as a percentage of Clients Money Held (CMH), Assets Under Management (AUM), Assets Safeguarded & Administered (ASA) and Clients' Orders Handled (COH).

The Company is required to calculate the following K-Factors requirements as part of the RtC:

#### 5.3.1.1. K-AUM: Assets Under Management

K-AUM captures the risk of harm to clients from an incorrect discretionary management of client portfolios or poor execution and provides reassurance and client benefits in terms of the continuity of service of ongoing portfolio management and investment advice.

AUM is the value of assets an IF manages for its clients under both discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature.

#### Calculation

AUM shall be the rolling average of the value of the total monthly assets under management, measured on the last business day of each of the previous 15 months, excluding the 3 most recent monthly values.

K-AUM shall be the arithmetic mean of the remaining 12 monthly values multiplied by the relevant coefficient of 0.02%.

Since the Company did not provide any portfolio management or investment advice services during the year ending 31 December 2024, the Company was not subject to the risk relating to this K-factor.

#### 5.3.1.2. K-CMH: Clients Money Held

K-CMH captures the risk of potential for harm where an investment firm holds the money of its clients, taking into account whether they are on its own balance sheet or in third-party accounts and arrangements under applicable national law, provided that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm.

CMH is the amount of client money that an investment firm holds or controls. It excludes client money that is deposited on a (custodian) bank account in the name of the client itself, where the investment firm has access to these client funds via a third-party mandate (on a segregated or nonsegregated basis).

**Calculation**

CMH shall be the rolling average of the value of total daily client money held, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months.

K-CMH shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient (0.4% and for segregated accounts and 0.5% for non-segregated accounts).

As at 31 December 2024 the Company's CMH was £14,223k and the respective K-CMH was £57k.

**5.3.1.3. K-ASA: Assets Safeguarded and Administered**

K-ASA captures the risk of safeguarding and administering client assets, and ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts.

ASA means the value of assets that an investment firm safeguards and administers for clients – ensuring that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts.

**Calculation**

It is calculated as the rolling average of the daily total value of assets under safekeeping and administration, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months.

K-ASA shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient of 0.04%.

As at 31 December 2024 the Company's ASA was £5,888k and the respective K-ASA was £2k.

**5.3.1.4. K-COH: Client Orders Handled**

K-COH captures the potential risk to clients of an investment firm which executes orders (in the name of the client, and not in the name of the investment firm itself), for example as part of execution-only services to clients or when an investment firm is part of a chain for client orders.

COH captures the potential risk to clients of an investment firm which executes its orders (in the name of the client). This is the value of orders that an investment firm handles for clients, through the reception and transmission of client orders and execution of orders on behalf of clients.

**Calculation**

COH shall be the rolling average of the value of the total client orders handled, measured throughout each business day for the previous 6 months.

K-COH shall be the arithmetic mean of the daily values from the remaining 3 months multiplied by the relevant coefficient (0.1% and for cash trades and 0.01% for derivative trades).

As at 31 December 2024 the Company's COH was £355,502k and the respective K-COH was £36k.

### 5.3.2. Risk to Market

The Risk to market proxy captures the risk a MIFIDPRU Investment Firm can pose to market access. The K-factor for RtM is based on the rules for market risk, for positions in financial instruments in foreign exchange and in commodities in accordance with the UK CRR.

#### 5.3.2.1. K-NPR: Net Position Risk

As a non-SNI Investment Firm authorized to offer the dealing on own accounts investment service, it is required to calculate its K-NPR requirement by reference to trading book positions and positions other than trading book positions where the positions give rise to foreign exchange risk or commodity risk. The K-NPR requirement is calculated in accordance with Title IV of Part Three of the CRR.

Based on its trading activities, the Company is exposed to market risk resulting from exposure to:

- FX Risk

As at 31 December 2024 the K-NPR capital requirement amounted to £373k, as shown in the table below:

**Table 9:K-NPR capital requirement**

K-NPR	£'000
Foreign Exchange Risk	373
<b>K-NPR</b>	<b>373</b>

### Foreign Exchange Risk

Foreign exchange risk is the effect that unanticipated exchange rate changes may have on the Company. In the ordinary course of business, the Company is exposed to foreign exchange risk, which is monitored through various control mechanisms.

The foreign exchange risk in the Company is effectively managed by setting and controlling foreign exchange risk limits, such as through the establishment of a maximum value of exposure to a particular currency pair as well as through the utilization of sensitivity analysis. The Company's foreign exchange risk capital requirement is £373k emanating from a net foreign exchange exposure of £4,771k based on the latest relevant calculations of the Company's capital requirements as at 31 December 2024.

The Company continues to regularly monitor the impact of exchange rate risks and if deemed necessary, corrective actions will be taken to minimize the effect.

### 5.3.3. Risk to Firm

The Risk to Firm captures the risk that could be inflicted on the Company. The K-factors under RtF capture an investment firm's exposure to their trading counterparties, the concentration risk in an investment firm's large exposures and the operational risk from an investment firm's daily trading flow: K-factors for K-TCD and K-CON under RtF constitute a simplified application of the rules laid down in the CRR on counterparty credit risk and large exposure risk, respectively.

The Company is required to calculate the following K-Factors requirements as part of the RtF:

#### 5.3.3.1. K-TCD: Trading Counterparty Default

K-TCD captures the risk to an investment firm by counterparties to over-the-counter (OTC) derivatives, repurchase transactions, securities and commodities lending or borrowing transactions, long settlement transactions, margin lending transactions, or any other securities financing transactions, as well as by recipients of loans granted by the investment firm on an ancillary basis as part of an investment service that fails to fulfil their obligations, by multiplying the value of the

exposures, based on replacement cost and an add-on for potential future exposure, accounting for the mitigating effects of effective netting and the exchange of collateral.

### Calculation

Calculation based on CRR counterparty credit risk refers to exposure value, credit valuation, replacement cost, potential future exposure and collateral. The following formulae describe the calculation of the capital requirement for K-TCD:

$$K\text{-TCD} = a \times EV \times R_f \times CVA$$

Where:

- $a = 1.2$
- *Exposure value (EV) = max(0, RC + PFE - collateral)*
- *Risk Factor (Rf) is defined per counterparty type (1.6% for banks, central governments, central banks and investment firms, 8% other counterparties)*
- *Credit Valuation Adjustment (CVA) = 1.5 for Banks and Investment Firms and 1 for others*

The Company was not exposed to any kind of transactions that would create a K-TCD requirement.

#### 5.3.3.2. *K-CON: Concentration Risk on Large Exposures*

K-CON captures concentration risk in relation to individual or highly connected private sector counterparties with whom firms have exposures above 25% of their own funds, or specific alternative thresholds in relation to credit institutions or other investment firms, by imposing a capital add-on in line with CRR for excess exposures above those limits.

All Investment Firms should monitor and control their concentration risk. However, only Investment Firms which are subject to a minimum own funds requirement under the K-Factors should report the concentration risk.

### Limits

Where the client is a credit institution or an investment firm, the limit to concentration will be the higher between 25% of the investment firm's capital or £150m. If the amount of £150m is higher than 25% of the firm's own funds, the limit to concentration should not exceed 100% of the firm's capital.

Where the client is not a bank or an investment firm, the limit to concentration risk remains at 25% of the investment firm's own funds.

### Calculation

Where a firm exceeds these limits, it will be required to hold an additional own fund requirement based on the excess over the limit multiplied by a factor between 200% and 900%, depending on the size of the excess as prescribed in Table 1 of MIFIDPRU 5.7.4.

Further to the above, the Own Funds requirement of the excess shall be calculated in accordance with the following formula:

$$OFRE = \frac{OFR}{EV} * EVE$$

Where:

- *OFRE = own funds requirement for the excess;*
- *OFR = own funds requirement of exposures to an individual client or groups of connected clients, calculated by adding together the own funds requirements of the exposures to the individual clients within the group, which shall be treated as a single exposure;*
- *EV = exposure value calculated in TCD and NPR K-factors;*
- *EVE = exposure value excess calculated as Exposure Value minus Limit*

The K-CON own funds requirement shall be the aggregate amount of the own fund requirement calculated for each client or group of connected clients.

The Company calculates and keeps aside additional capital requirement for any amount that exceeds the applicable K-CON limit. Additionally, the Company reports to the FCA, on a quarterly basis, via MIF005, the value of exposures exceeding the limits set in MIFIDPRU 5.7.1 and the name of the relevant counterparty.

As at 31 December 2024, the Company did not have any large exposures above the limit.

#### 5.3.3.3. *K-DTF: Daily Trading Flow*

K-DTF captures the operational risks to an investment firm in large volumes of trades concluded for its own account or for clients in its own name in one day which could result from inadequate or failed internal processes, people and systems or from external events, based on the notional value of daily trades, adjusted for the time to maturity of interest rate derivatives in order to limit increases in own funds requirements, in particular for short-term contracts where perceived operational risks are lower.

DTF means the daily value of transactions that an investment firm enters through dealing on own account or the execution of orders on behalf of clients in its own name, excluding the value of orders that an investment firm handles for clients which are already taken into account within the scope of client orders handled.

#### Calculation

DTF shall be the rolling average of the value of the total daily trading flow, measured throughout each business day for the previous 9 months, excluding 3 recent months.

$$DTF = \text{sum of } [ABS(\text{Buys}) + Abs(\text{Sells})] \text{ for both cash trades and derivatives}$$

K-DTF shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient (0.1% and for cash trades and 0.01% for derivative trades).

As at 31 December 2024, the Company was not exposed to any risk relevant to K-DTF.

#### 5.4. *K-Factors Requirement Results*

As at 31 December 2024, the Company's K-Factors Requirement is £467k as shown in the table below:

**Table 10: K-Factors Results**

Item	Factor Amount £'000	K-Factor Requirement £'000
<b>TOTAL K-FACTOR REQUIREMENT</b>		<b>467</b>
<b>Risk To clients</b>		<b>95</b>
<i>K-AUM</i>	-	-
<i>K-CMH (Segregated)</i>	14,223	57
<i>K-CMH (non-Segregated)</i>	-	-
<i>K-ASA</i>	5,888	2
<i>K-COH (Cash Trades)</i>	-	-
<i>K-COH (Derivative Trades)</i>	355,502	36
<b>Risk to Market</b>		<b>373</b>
<i>K-NPR</i>		373

K-CMG		-
<b>Risk to Firm</b>		-
K-TCD		-
K-DTF (Cash Trades)	-	-
K-DTF (Derivative Trades)	-	-
K-CON		-

### 5.5. Overall Capital Adequacy Position

According to MIFIDPRU 3.2.2, Investment firms shall have own funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, and shall meet all the following conditions at all times:

$$\frac{\text{Common Equity Tier 1 Capital}}{D} \geq 56\%$$

$$\frac{\text{Common Equity Tier 1 Capital} + \text{Additional Tier 1 Capital}}{D} \geq 75\%$$

$$\frac{\text{Common Equity Tier 1 Capital} + \text{Additional Tier 1 Capital} + \text{Tier 2 Capital}}{D} \geq 100\%$$

where D is the Company's own funds requirement calculated in with MIFIDPRU 4.3.

The Company's own funds, own funds requirement and capital ratio reported as at 31 December 2024, were as follows:

**Table 11: Capital Adequacy Analysis**

<b>OWN FUNDS COMPOSITION</b>	<b>£'000</b>
<b>Total Own Funds</b>	<b>16,837</b>
<b>OWN FUNDS REQUIREMENTS</b>	<b>£'000</b>
<i>Permanent Minimum Capital Requirement (MIFIDPRU 4.4)</i>	750
<i>Fixed Overheads Requirement (MIFIDPRU 4.5)</i>	1,011
<i>K-Factors Requirement (MIFIDPRU 4.6)</i>	467
<b>Total Own funds Requirement</b>	<b>1,011</b>
<b>CAPITAL RATIOS</b>	
<b>Common Equity Tier 1 Capital Ratio (min. 56%)</b>	<b>1665.67%</b>
Surplus/(Deficit) of Common Equity Tier 1 Capital Ratio	16,271
<b>Tier 1 Capital Ratio (min. 75%)</b>	<b>1665.67%</b>
Surplus/(Deficit) of Tier 1 Capital Ratio	16,079
<b>Total Capital Ratio (min. 100%)</b>	<b>1665.67%</b>
Surplus/(Deficit) of Total Capital Ratio	15,826

As per the above results, TM UK as at 31 December 2024 maintains adequate own funds to cover its capital requirements. However, the Company will continue to monitor the above ratios in order to ensure compliance with the capital adequacy requirements at all times.

### 5.6. Liquidity Requirements (MIFIDPRU 6)

The basic liquid assets requirement is based on a proportion of an FCA investment firm's fixed overheads requirement and any guarantees provided to clients.

The purpose is to ensure that the investment firms have an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets in cash to meet

their liquidity needs. The Company is required to maintain an amount of liquid assets that is at least equal to the sum of the following:

- one third of the amount of its fixed overheads requirement, and
- 1.6% of the total amount of any guarantees provided to clients.

The MIFIDPRU handbook defines core liquid assets as any of the following items denominated in pound sterling:

- coins and banknotes;
- short-term deposits at a UK-authorized credit institution;
- assets representing claims on or guaranteed by the UK government or the Bank of England;
- units or shares in a short-term MMF;
- units or shares in a third country fund that is comparable to a short-term MMF; and
- trade receivables, if the conditions in MIFIDPRU 6.3.3R are met.

In this respect, TMUK's core liquid assets as at 31 December 2024 were well above the 1/3 of the total fixed overheads requirement as indicated in the table below:

**Table 12: Liquidity Requirements**

Item	£'000
Coins and banknotes;	-
Short-term deposits at a UK-authorized credit institution;	7,259
Assets representing claims on or guaranteed by the UK government or the Bank of England;	-
Units or shares in a short-term MMF;	-
Units or shares in a third country fund that is comparable to a short-term MMF; and	-
Trade receivables, if the conditions in MIFIDPRU 6.3.3R are met.	-
<b>Total Core Liquid Assets</b>	<b>7,259</b>
<b>Basic Requirement (1/3 of Fixed Overheads Requirement)</b>	<b>337</b>
<i>Surplus of liquid assets</i>	6,922

Further to the above, the Company maintains adequate liquid assets to cover the one third fixed overheads requirement. However, the Company should monitor the above in order to ensure compliance at all times.

### 5.7. Internal Capital Adequacy and Risk Assessment Process

The purpose of capital is to provide sufficient resources to absorb unexpected losses over and above the ones that are expected in the normal course of business. The Company aims to maintain a minimum risk asset ratio which will ensure there is sufficient capital to support the Company under normal and during stressed conditions.

The Company should establish sound, effective and comprehensive arrangements, strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that they consider adequate to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or might be exposed to. These arrangements, strategies and processes shall be appropriate and proportionate to the nature, scale and complexity of the activities of the Company, and they shall be subject to regular internal review.

In light of the above, the ICARA report will present the main business background aspects and developments of the Company, a summary of the Company's business economic environment, the Company's financial summary for the previous and upcoming years, the business and strategic goals, organisational structure and the risk management framework, the overall assessment of the material risks as well as a forward-looking capital and liquidity planning assessment.

The Overall Financial Adequacy Rule (OFAR) establishes the standard to determine if an FCA investment firm has adequate financial resources.

OFAR will require the firm, at all times, to hold adequate own funds and liquid assets to:

- to ensure it can remain viable throughout the economic cycle, with the ability to address any potential harm from its ongoing activities; and,
- to allow its business to wind-down in an orderly way.

According to MIFIDPRU 4 own funds requirements are built around the PMR, the FOR, and, for non-SNIs, the KFR. These requirements serve different purposes. The FOR is a proxy for the amount of own funds the firm needs to hold to allow them to begin wind-down in an orderly way while the KFR is the amount of own funds required to cover the risk of harm from the ongoing operation of the firm's business. Finally, the PMR is a flat minimum required to underpin the FOR and the KFR. Unlike the FOR and KFR, the PMR does not scale with harm.

The PMR and FOR are standard requirements that apply to all FCA investment firms. The KFR is a standard requirement that applies to non-SNI firms. Meeting these alone may not be enough to mean that they are meeting threshold conditions. This will depend on the size, business model and complexity of the firm's activities. The firm will need to estimate the financial impact of any harm that is not covered by its PMR, FOR or KFR.

The above process will help the firm determine its 'own funds threshold requirement' that needs to be met with the appropriate resources at all times. Specifically, the firm will set its own funds threshold requirement at the higher of the:

1. PMR,
2. own funds necessary to cover harms from ongoing operations, or
3. own funds as necessary for wind-down.

As a non-SNI Investment Firm, the Company is required to calculate the K-Factors requirement.

Moreover, and as regards the liquidity threshold, the basic liquid assets requirement is based on the firm having a minimum amount of core liquid assets that will allow them to begin wind-down in an orderly manner.

The Company sets its liquid assets threshold requirement as the sum of the basic liquid assets requirement and the higher of:

1. the additional liquid assets necessary at any given point in time to fund ongoing operations, taking into account potential periods of financial stress during the economic cycle,
2. the additional liquid assets required to begin its orderly wind-down, taking into account inflows of liquid assets that can be reasonably expected to occur during the wind-down period.

The Company recognises the importance of the ICARA and appreciates that it enables the firm to justify its business strategy and risk assessments in such a way as to be more diligent in the inclusion of risk factors in the business design process and also to hold adequate capital against the gross risks to which it is exposed to. It is also acknowledged that the ICARA Report is a reasonably intense process, requiring information from many different departments and committees of the company and also it requires senior management time at the design phase, during the risk and financial data collection phase and for the sign-off phase. Therefore, the Board is committed to continuously update the ICARA at least annually to reflect the latest strategic plans and updates.

During the year 2023, the Company updated its ICARA process by establishing new assessments with respect to the liquidity adequacy of the Company, designing new financial projections and stress tests to reflect the K-Factors requirement and drafting a new report which reflects all provisions under the new regulation. The methodologies of K-Factors and Liquidity Stress tests are incorporated into the ICARA process, as well as the updated risk register which focuses on a harm-pose approach identifying different potential risk events that may affect the Company's overall capital adequacy position.

The ICARA Report and capital planning for the year 2023 has been prepared and approved by the Board in September 2024. The report is being reviewed and updated annually, while it is submitted to FCA upon request.

The table below shows the outcomes of the Basic and Additional capital and liquidity requirements as at the reference date of the report.

**Table 13: ICARA Process Outcomes**

Item	£
<b>Basis of Completion of the ICARA Process</b>	
Scope of the Report	Individual
Reference Date of the ICARA process	31 December 2023
<b>Assessing and Monitoring the Adequacy of Own Funds</b>	
Common Equity Tier 1 Capital	15,959
Additional Tier 1 Capital	-
Tier 2 Capital	-
<b>Total Own Funds</b>	<b>15,881</b>
<b>Own funds threshold requirement</b>	<b>2,078</b>
- <i>Basic regulatory requirement (K-Factors)</i>	467
- <i>Own funds to address risks from ongoing activities</i>	<b>2,078</b>
- <i>Additional cost to FOR (Own funds required for Wind-Down)</i>	1,960
<b>Surplus/(Deficit)</b>	<b>13,803</b>
<b>Assessing and Monitoring the Adequacy of Liquid Assets Held</b>	
Total Core liquid assets	3,379
Total Non-core liquid assets	765
<b>Total liquid assets</b>	<b>4,144</b>
Liquid assets threshold requirement	1,820
- <i>Basic liquid assets requirement</i>	418
- <i>Additional liquid assets required to fund ongoing business operations</i>	1,402
- <i>Additional liquid assets required to start wind-down</i>	707
<b>Surplus/(Deficit)</b>	<b>2,983</b>

The Company monitors these requirements to ensure compliance at all times.

## 6. Remuneration policy and practices (MIFIDPRU 8.6)

The employees are remunerated based on their personal and the Company performance within a multi-year framework, irrespective of the gender and/or ethnicity of each employee. The remuneration benefits are always in line with the business strategy and objectives of the Company, which ensures the promotion of effective risk management. The salaries are implemented following a benchmarking exercise to ensure fairness and transparency across the Company.

The Senior Management keeps records containing information as regards the Remuneration of the Company's employees in a separated file/record (e.g. payroll data) at the Company's premises.

Where potential or actual client detriment might arise as a result of specific features in remuneration policies and practices, the Company should take appropriate steps to manage potential conduct of business and conflict of interest risks by reviewing and/or amending these specific features and setting up appropriate controls and reporting mechanisms for taking appropriate action to mitigate potential conduct of business and conflict of interest risks.

Furthermore, TMUK shall ensure that it has appropriate and transparent reporting lines in place across the firm or group to assist in escalating issues involving risks of non-compliance with the Law, conflicts of interest and conduct of business requirements under the Law.

As a non-SNI firm, the Company is required to disclose as part of the market discipline requirement under MIFIDPRU rules the basic and standard information about the total number of staff, amount of total fixed and variable remuneration that have been awarded in the relevant year split between material risk takers (MRTs) and non-MRTs, and also provide information on the ex-post adjustments made to variable remuneration.

### 6.1. Remuneration Policy Principles

#### **Gender neutrality**

In line with the Equality Act 2010 and the FCA Handbook, the Company takes all reasonable steps to ensure equal pay for male and female workers for equal work or work of equal value.

#### **Risk management policies and practices promoting effective risk management**

The Company's remuneration policies and practices are appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the firm.

#### **Business strategy Practices**

The Company has established practises for remuneration which are consistent with and promote sound and effective risk management. They include fixed and variable components, including salaries and discretionary benefits. The remuneration policy supports business strategy objectives, values and interests. The Company considers market conditions in all strategic planning and activities. The Company aims to attract and retain high performing individuals who are align with the company values and are awarded accordingly.

#### **Avoiding conflicts of interest**

The Company has established a remuneration policy which is annually reviewed and is subject to central and internal review.

### 6.2. Fixed and Variable Remuneration Components

All Company employees and the members of the Board of Directors are eligible for an annual (one-off) variable remuneration, which is determined based on their annual performance appraisal.

#### **Fixed Remuneration**

Fixed Remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, experience, risk, accountability, and responsibility needed for an employee to perform each position/role.

TMUK's fixed Remuneration is approved by the Senior Management for all the relevant employees, and it is reviewed by TMUK at least annually and according to the relevant legislation without affecting the other terms of employment.

Benefits that may be provided to the Company's Relevant Persons, such as private health insurance, are not employee performance-related and are considered part of the fixed Remuneration.

TMUK's Remuneration includes:

- a. financial Remuneration (i.e. cash, wage increases), and/or
- b. non-financial Remuneration (i.e. career progression, training, etc.).

### **Variable remuneration**

All Company employees and the members of the Board of Directors are eligible for the annual (one-off) variable remuneration. The variable remuneration is a performance-based remuneration which motivates, and rewards staff members based on their results in relation to the targets set at the beginning of the year and this is determined based on their annual performance appraisal.

No remuneration is payable under deferral arrangements (with vested or unvested portions). Finally, the Company did not pay any non-cash remuneration for the year under review, since the Company does not have non-cash instruments, such as shares or other equivalent non-cash instruments, in place.

### **Remuneration and capital**

The measurement of performance used to calculate bonuses, or a bonus pool includes among others the adjustment for current and future capital planning and takes into account the cost and potential loss to capital and liquidity. TMUK shall ensure that the total variable Remuneration, including the annual bonus remuneration, does not prevent its ability to strengthen its capital base. The Company's Remuneration Policy underlines the link between the Company's variable remuneration costs and the need to manage its capital base including forward-looking capital planning measures. Where the Company needs to strengthen its capital base, its variable remuneration arrangements should be sufficiently flexible to allow it to direct the necessary resources towards capital building.

The firm undertakes an overall risk assessment as part of the Internal Capital Adequacy and Risk Assessment (ICARA) Process and reports to the FCA on its capital position taking into consideration current and future remuneration requirements. The firm's discretionary bonuses are only awarded after the accounting figures have been audited and given that the firm has the ability to give those bonuses. The firm also ensure that the variable remuneration is paid only after it satisfies its capital and liquidity thresholds set by the ICARA process.

#### **6.3. Remuneration of Material Risk Takers**

The remuneration policy of the Company is intended to ensure that the Company will attract and retain the most qualified Senior Management Personnel and Directors. As stated above, the criteria used for determining the remuneration of the Company's directors are segregated into quantitative and qualitative criteria. The quantitative remuneration criteria mostly rely on numeric and financial data such as the Company's performance and the individual performance evaluation and ratings of each member of staff whose professional activities affects the risk profile of the firm. In addition to the quantitative criteria, the Company has put in place qualitative criteria which include compliance with regulatory requirements and internal procedures, fair treatment of clients and client satisfaction.

The table below provides information on the remuneration of Executive Directors, Senior Management and other staff whose activities have a material impact on the risk profile of the Company, broken down by fixed and variable remuneration.

**Table 14: Remuneration split of staff whose activities have a material impact on the risk profile of the Company**

<b>Annual Remuneration as at 31 December 2024</b>				
<b>Position</b>	<b>No. of Beneficiaries</b>	<b>Fixed Remuneration £</b>	<b>Variable Remuneration £</b>	<b>Aggregated Remuneration £</b>
<b>Senior Management</b>	3	620,944	219,131	<b>840,075</b>
<b>Other material risk takers</b>	1	120,750	44,189	<b>164,939</b>
<b>Other staff</b>	10	817,396	110,843	<b>928,239</b>
<b>Total</b>	<b>14</b>	<b>1,559,090</b>	<b>374,163</b>	<b>1,933,253</b>

The variable to fixed remuneration ratio as at 31 December 2024 was 24%.

During the year there was no deferred remuneration, sign-on or severance payments.

**7. Investment Policy (MIFIDPRU 8.7)**

Any MIFIDPRU Investment Firm not meeting the conditions in MIFIDPRU 7.1.4R must disclose information on its Investment Policy.

The Company meets the conditions of MIFIDPRU 7.1.4R(1) since the value of the Firm's on and off-balance sheet items over the preceding 4-year period is a rolling average below £100 million. Therefore, the Company is not obliged to disclose information on Investment Policy as per the provisions of MIFIDPRU 8.7.