MIFIDPRU Disclosure 2023
Britannia Global Markets Limited

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BRITANNIA GLOBAL MARKETS LIMITED

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1. Introduction

Britannia Global Markets Limited ("Britannia", "BGM", "the Firm") is regulated by the Financial Conduct Authority ("FCA") as a Markets in Financial Instruments ("MiFID") firm and subject to the rules and requirements of the FCA's Prudential Sourcebook for MiFID Investment Firms ("MIFIDPRU") handbook. For the purposes of MIFIDPRU, the Firm has been classified as a full scope 750k non-small non-interconnected ("non-SNI") MIFIDPRU investment firm.

Britannia is required to publish disclosures in accordance with the provisions and guidance outlined in MIFIDPRU 8 of the IFPR, which will be prepared at least annually on a solo entity (i.e. individual) basis following the publication of the annual financial statements and published on the firm's website - https://www.britannia.com/gm. The disclosed information is proportionate to Britannia's size and organisation, and to the nature, scope, and complexity of Britannia's activities.

In accordance with the provisions of MIFIDPRU, Britannia is currently required to provide disclosure on its:

(i) Risk management objectives and policies (MIFIDPRU 8.2)
(ii) Governance arrangements (MIFIDPRU 8.3)
(iii) Own funds (MIFIDPRU 8.4 and 8.5)
(iv) Remuneration policies and practices (MIFIDPRU 8.6)
(v) Investment policy (MIFIDPRU 8.7)

This Public Disclosure Document has been prepared based on the audited financials as at 31st December 2023, covering the financial period 1st January 2023 to 31st December 2023.

2. Risk Management Objectives and Policies

In accordance with MIFIDPRU 8.2, Britannia is required to disclose its risk management objectives and policies for the following categories:

(i) Own funds requirements (MIFIDPRU 4)
(ii) Concentration risk (MIFIDPRU 5)
(iii) Liquidity (MIFIDPRU 6)

The overarching Risk Management architecture is governed by the Risk Management Framework ("RMF"). The RMF covers the risk management of all financial and non-financial risks faced by the Firm, with clear policies and procedures in place to effectively manage, mitigate, or accept these risks. There is also a clear escalation procedure embedded within the risk management of the firm to ensure effective escalation of any risks outside of the BGM Board approved Risk Appetite. BGM has implemented the Three Lines of Defence model, designed to enable the First, Second and Third Lines of Defence to work together effectively, based on a single framework, common dataset, clear accountabilities, and a standardised risk taxonomy. This process ensures all three lines of defence are aligned with the level of Risk that is acceptable and should be taken. Monthly Executive and Risk Committee meetings, along with quarterly Board meetings, are in place at BGM to allow for the efficient and effective reporting and escalation of Risks faced by the Firm, however escalation may be immediate.

Risk Appetite is the amount of risk that a Firm is willing to accept or retain to achieve its objectives and deliver its services, externally and internally. Risk Appetite levels are set for each of the headline risks defined within the RMF and are approved by the Board, in consultation with the Head of Risk, setting the risk-taking boundaries within which the Executive and senior management execute the firm's business strategy and seek to achieve its objectives. Risk Appetite Statements are reviewed and approved by the Board on an annual basis or post a significant change in the size, nature, or structure of the business, or significant market change.

BGM has implemented, via segregated functions and reporting structures, a "three lines of defence model" designed to safeguard the internal control framework.

The First Line of Defence

The First Line of Defence is primarily responsible for taking and managing risk within the firm's Risk Framework and Risk Appetite, and driving the delivery of services, thus achieving the business objectives held by the executive management team. The first line includes the Front Office, Operations, Legal and Human Resources functions.

The Second Line of Defence

The Second Line of Defence comprises the Risk Management, Compliance and Finance functions, whose role is to provide guidance and support to the First Line of Defence and oversee the adherence to the Risk Management Framework.

The Third Line of Defence

The third line of defence is the activity of the BGM Board who will assess the business via the management information ("MI") provided. The Firm also utilises an External Audit company, which performs an assessment of the risk and controls of the business.

Own Funds Requirement

BGM calculates the K-Factors under MIFIDPRU 4.6 which define the required capital of the Firm to continue current activities, which are detailed further within the Own Funds Requirement section of the disclosures. These K-Factors are grouped into 3 sections:

(i) Risk to Client ("RtC")
(ii) Risk to Markets ("RtM")
(iii) Risk to Firm ("RtF")

The Board ensures that sufficient capital is always held within the Firm to adequately cover the Own Funds Requirement, and the business strategy of the firm does not present a risk to the continuation of capital requirement coverage. BGM's Board is responsible for assessing the Firm's internal capital need in a way that is consistent with its risk profile and operating environment.

The RMF, associated Risk Appetite Statements, Committees, and the internal controls work to achieve this while accepting risk in the normal course of business. New business or acquisitions are fully assessed for potential capital requirements during the due diligence phase and prior to approval.

Concentration Risk

BGM is not permitted to incur an exposure (after taking into account the effect of credit risk mitigation) to a client or group of connected clients the value of which exceeds 25% of its eligible

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capital (At 31 December 23 - £34,633,645 X 25% = £8,658,411). Where the client is an institution that value shall not exceed 25% of the institution's eligible capital or 150m EUR.

Concentration risk is that associated with the Firm's exposure to sectoral, geographic and entity or obligor concentrations.

1. Exposures to each counterparty, including central counterparties, groups of connected counterparties and counterparties in the same economic sector, geographic region or from the same activity or commodity.
2. The application of credit risk mitigation techniques; and
3. Risks associated with large indirect credit exposures, such as a single collateral issuer.

Neither of the types of concentration risk mentioned in points (2) or (3) are plausible for BGM.

For point (1), the nature of the business ensures there are no dominant clients, rather the client base is diverse with a variety of base currencies, geographies, and differing sectoral and product interests. A loss of any individual client, group of clients or client desk would equate to a marginal loss of income but would not materially impact the medium-term performance of the business. This also applies to any potential client, or connected client, defaults following volatile market movements.

Liquidity

Liquidity Risk is governed by the Board approved Liquidity Risk Management Framework ("LRMF"). The Board ensures that sufficient excess liquidity is always held within the Firm to adequately cover potential liquidity stress following a period of volatility or market event. New business or acquisitions are fully assessed for potential future liquidity requirements during the due diligence phase and prior to approval.

ICARA

BGM compares the K-Factors calculated under MIFIDPRU 4.6 which define the required capital of the Firm to the internal risk assessment under ICARA to highlight the additional capital requirements, or Additional Own Funds ("AOF"), under ICARA. Effective governance of BGM requires ownership of the ICARA by the Board. Policies and procedures are in place to embed the ICARA throughout the business.

3. Governance Arrangements

SYSC 4.1.1 requires all firms to have robust governance arrangements and effective processes for managing risks. It also requires all institutions to have in place sound and effective strategies to assess and maintain adequate capital, having considered the nature and level of their risks in a forward-looking manner.

The Board works to ensure that the FCA's Principles for Businesses as set out in the FCA Handbook's Principles for Businesses Sourcebook (PRIN) and all other regulatory obligations are abided by in the conduct of BGM's business. Decisions are only made after taking into consideration the Firm's regulatory obligations and the interests of clients, employees, and other stakeholders.

The Board of Directors

BGM's Board is the Firm's governing body and retains primary responsibility for the activities of the Firm.

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The role of the Board is to provide overall governance and strategic direction by applying sound business judgment in BGM's best interests, in the interests of the Firm's customers and of the markets. The board is responsible for setting strategy, approving risk appetite, business planning and oversight of management's execution of strategy and plans.

The composition of the Board at 31st December 2023 is as follows:

- Mark Bruce – SMF3 (Executive Director) (appointed 03/10/22)
- Stephen Pettitt – SMF3 (Executive Director) (appointed 27/02/23)
- Andrew Bole – Non-Executive Director (appointed 24/03/22)
- Benjamin Hepden – SMF3 (Executive Director) (appointed 20/11/23)

The following Board members were appointed during 2024:

- Nicola Cowan – Non-Executive Director (appointed 12/03/24)
- Jose Francisco Herrera – Non-Executive Director (appointed 12/03/24)
- Richard Lewis – Non-Executive Director (appointed 12/03/24)
- Andrew Pike – Non-Executive Director (appointed 12/03/24)

Appointment of Board members is undertaken in accordance with Senior Management, Systems and Controls Sourcebook (SYSC), which forms part of the FCA's Handbook and MIFIDPRU requirements. Potential conflicts of interests, and any additional directorships held by Board members are monitored in accordance with SYSC requirements.

The Board's structure and the character and integrity of the individual Directors serves to ensure that no one individual or group dominates the decision-making process.

Directorships

		External Directorships held	
Name	Position	Executive	Non-Executive
Mark Bruce	SMF3 (Executive Director)	2	1
Stephen Pettitt	SMF3 (Executive Director)	2	0
Benjamin Hepden	SMF3 (Executive Director)	0	0
Andrew Bole	Non-Executive Director	2	0

The Board normally meets on a quarterly basis. Extraordinary meetings may be convened at such other times as the Board's Chair or other stakeholders require. Notice of and relevant supporting papers for meetings are circulated to each Board member and other relevant persons in a timely fashion in advance of each meeting.

The Board has the following key responsibilities to:

- Develop, approve, and oversee execution of an appropriate business strategy.
- approve BGM's budgets and sign-off on annual accounts.
- approve BGM's risk appetite, risk tolerance and risk management framework.
- provide direction to and oversight on BGM's compliance framework, infrastructure, and resourcing.
- oversee and approve the liquidity policy.
- oversee and approve the ICARA document.

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- monitor and oversee key risk performance indicators and other applicable management information (MI) and implement management action where needed.
- approve company's remuneration policy; and
- approve the code of conduct and build strong company's culture, shared values, goals, attitudes, and practices.
- Ensure a "Treating Customers Fairly" culture is embedded within all areas of the Firm.

BGM has established several Executive-level committees which meet more frequently than the full BGM Board. These committees are an essential part of the governance framework, providing information to the Board on both a periodic and ad-hoc basis. BGM's Board has established the following Executive Committees:

- Risk
- Compliance (Market Conduct & Financial Crime)
- CASS
- Human Resources

In addition, the Firm has established a Remuneration Committee, as a Board Committee, to ensure that remuneration policies are consistent with effective risk management across the Firm.

Risk Committee

The Risk Committee undertakes to ensure that the frameworks and systems of internal control and risk management are kept under review and regular reporting of Management Information (MI) on the effectiveness of these frameworks and systems is reviewed and approved, and that any findings are appropriately addressed.

It aims to advise the Board on the risk aspects of proposed changes to strategy and strategic transactions including acquisitions or disposals, ensuring that adequate due diligence of the proposition is undertaken, focussing in particular on implications for the RMF, Risk Appetite, tolerance and strategy of the company, and taking independent external advice where appropriate and available.

Compliance Committee

The role of the Compliance Committee is to conduct ongoing reviews of BGM's internal systems, controls, and procedures to ensure that appropriate risk mitigation is in place regarding BGM's market conduct and financial crime risks.

CASS Committee

BGM's CASS Committee ("Committee") has been established as the governance forum whose remit is to oversee the firm's organisational arrangements to ensure compliance with the FCA CASS Rules.

The Committee shall comprise, at a minimum, the Senior Manager with prescribed responsibility for CASS and representatives from the CASS Oversight team, Legal, Compliance, Risk, Treasury, Finance and Operations. Membership of the Committee is by invitation only. Non-members may attend at the invitation of a member. Members may be represented by delegates in exceptional circumstances.

A duly convened meeting at which a quorum is present shall be competent to exercise all or any of the responsibilities of the Committee. The quorum necessary for Committee meetings shall be three

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members. The Committee shall meet monthly or as frequently as is deemed necessary by the members. There should be at least 8 meetings in any 12-month period.

Culture and Diversity

BGM is a resourceful and entrepreneurial company, retaining many of the positive cultural characteristics of a traditional brokerage firm. Role authority and responsibility are commensurate and are clearly assigned throughout the organisation with the aim of fostering an open and transparent organisational culture.

Behaviours that are encouraged include:

- Creating a climate for employees to voice concerns about risks without fear of reprisal.
- All employees understanding the risk management practices that are relevant to their roles.
- Training and awareness programmes are an annual requirement.

Risk management is linked to performance and development, as well as to remuneration and reward incentivising good risk management practices.

All Directors and employees are subject to the Firm's HR policies and are required to observe the HR handbook. Amongst other policy requirements, the policy states the imperative of equal opportunity. BGM aims to demonstrate and benefit from diversity of all types at all levels, ultimately benefitting from the challenge to groupthink and the diversity of thought that flourishes with a truly diverse workforce.

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4. Own Funds

Tier 1 Capital

The Firm's Own Funds capital is set out in the table below. An explanation of what the Firms Tier 1 capital comprises is given underneath the table.

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	34,634	Total capital resources/own funds
2	TIER 1 CAPITAL	34,634	
3	COMMON EQUITY TIER 1 CAPITAL	34,634	
4	Fully paid up capital instruments	23,856	Share capital
5	Share premium		
6	Retained earnings	11,325	Retained earnings
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(547)	Total regulatory deductions - Intangible Assets & Deferred Tax
19	CET1: Other capital elements, deductions and adjustments		

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The following table reconciles regulatory own funds to the balance sheet in the financial statements:

		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross- reference to template OF1
		As at period end	As at period end	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Intangible Assets	325		OF1 Template - Item 11
2	Tangible Assets	5,006		
3	Investments	1,393		
4	Debtors	30,885		
5	Repo Asset	11,949		
6	Cash	73,912		
xxx	Total Assets	123,470		
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
1	Creditors	(86,448)		
2	Repo Liability	(1,841)		
xxx	Total Liabilities	(88,289)		
Shareholders' Equity				
1	Share Capital	23,856		OF1 Template - Item 4
2	Retained Earnings	11,325		
xxx	Total Shareholders' equity	35,181		

The Firm’s Tier 1 capital compromises ordinary shares and retained earnings. Regulatory adjustments refer to deductions of intangible assets.

The retained earnings figure in the table above includes the audited figure as at 31st December 2023.

5. Own Funds Requirement

The Firm’s own fund requirement is calculated in accordance with MIFIDPRU 4.3, which states that the Firm’s own funds requirement is the highest of its:

- Permanent Minimum Requirement under MIFIDPRU 4.4.
- Fixed Overheads Requirement under MIFIDPRU 4.5.
- K-Factor requirement under MIFIDPRU 4.6

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Own funds requirement for non-SNI firm (MIPRU 4.3.2)	Ongoing capital requirement £	Overall financial adequacy threshold higher of Assessment A and Assessment B £	£
		Assessment A - ongoing capital requirement	Assessement B - capital needed to wind down the firm
Permanent minimum capital requirement (PMR)	750,000		
Fixed Overhead Requirement (FOR)		6,010,549	6,874,924
K-Factor Capital			
K-AUM	19,981		
K-COH	15,067		
K-CMH	1,662,938		
K-ASA	2,128,396		
K-NPR	683,276		
K-TCD	796,040		
K-DTF	704,851		
Additional capital for risks identified in ICARA risk assessment		17,781,123	
Capital needed to wind down the firm			**7,541,667**
Assessment A (additional capital for ongoing risks)		23,791,672	
Assessment B (higher of FOR and wind down)			7,541,667
Overall financial adequacy threshold requirement (OFAR is higher of Assessment A and B)		**23,791,672**	
110% of the overall financial threshold requirement		26,170,840	
Own funds held surplus		10,841,973	

Under IFPR requirements the Firm must assess its capital and liquidity requirements to ensure compliance with the Overall Financial Adequacy Rule ("OFAR"). This is performed on an ongoing basis by looking at all capital requirements, which includes the Own Funds calculations as set out above, the ICARA assessments and wind down calculations, as well as monitoring levels of liquid funds against both FCA and internal risk tolerance thresholds.

ICARA assessments of capital needed to mitigate harms to client, firm and markets are performed using a combination of scenario-based capital models, stress tests using 'severe but plausible' events, and to wind-down assessment that demonstrates the Firm has sufficient capital and liquid resources to wind down its regulated activities in an orderly manner.

Liquidity requirement	Ongoing liquid asset requirement	Overall liquid adequacy threshold higher of Assessment A and Assessment B	
	£	£	£
		Assessment A	Assessment B
1/3 of Fixed Overhead Requirement (FOR)	2,291,641		
1.6% of total guarantees provided to clients	-		
Basic liquid assets requirement	**2,291,641**	**2,291,641**	**2,291,641**
Estimate of additional liquidity needs identified in ICARA risk assessment (above basic liquid assets requirement)		168,333	
Estimate of stressed liquidity needs above basic liquid assets requirement		683,519	
Assessment A		**3,143,493**	
Estimate of wind down needs above basic liquid assets requirement			5,250,025
B - Additional wind down requirement			**7,541,667**
Overall Liquid Assets threshold requirement (the greater of Assessment A or B)		**7,541,667**	
Liquid assets held		16,154,090	
Surplus / Deficit		8,612,423	

6. Remuneration policies and practices

The firm has a remuneration policy that applies to employees of the firm. It is the firm's intention that the total remuneration of its employees recognises team and individual performance and the contribution made by each employee to overall long-term success of the firm.

Fixed remuneration paid to employees is determined considering an individual's level of knowledge, skills, competencies and experience. The firm ensures that fixed remuneration is comparable to current market rates.

Any variable remuneration paid to employees must be consistent with the firm's remuneration policy. Variable remuneration is used to promote sound, and effective risk management, discouraging risk-taking more than the firm's Board approved risk appetites, and to encourage and reinforce behaviour in respect of the firm's cultural values.

All variable remuneration for MRTs will be subject to malus and clawback when necessary to meet regulatory requirements.

Malus/Clawback provisions apply to the whole of any variable reward, an award can be reduced in later years in exceptional circumstances such as:

- If the committee considers that there is a significant downward restatement of the financial results
- Reasonable evidence of gross misconduct or gross negligence
- Reasonable evidence of material breach of code of business principles or code policies
- breach of restrictive covenants by which the individual has agreed to be bound
- reasonable evidence of conduct that results in significant losses or reputational damage to Britannia it may, in its discretion, at any time prior to your performance related remuneration vesting or being paid, decide that some or all of your performance related remuneration (which is subject to malus and clawback provision) will be reduced, lapse or be subject to additional conditions, or the delivery of your performance-related remuneration will be delayed

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The firm's remuneration policy is considered and adopted by the Human Resources Committee and approved by the Board.

The term of office of each member of the Human Resources Committee is reviewed periodically, and changes in membership are approved by the Board

The Human Resources Committee annually reviews the remuneration of the Firm's Remuneration Code staff and can apply influence on variable remuneration payments.

MRT

Material Risk Takers ("MRTs") are determined by reference to the MIFIDPRU Remuneration code (SYSC 19G.5), which sets out detailed qualitative and quantitative criteria. The Remuneration Committee has specific responsibility for matter regarding the annual review and identification of Material Risk Takers as well as controls to manage/track any changes in the year.

Quantitative

Total amount of remuneration awarded to staff for the year in question split between fixed and variable is below:

£m	All Staff	MRT	Senior Management	Other
Total	19.9	4.9	2.9	12.1
Fixed	14.6	2.4	1.7	10.5
Variable	5.3	2.5	1.2	1.6

The company had 21 MRTs in the period to which this remuneration disclosure applies all of whom were eligible for variable reward.

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