



Regulated by the FCA – Licence No. 595450

MIFIDPRU 8 DISCLOSURES REPORT 2024

April 2025

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1. Introduction

As a MIFIDPRU Investment Firm, Admiral Markets UK Limited (the 'Company', 'Firm' or 'Admiral') 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 Admiral. The disclosures are produced annually and are available on the Company's website as indicated www.admiralmarkets.com

1.1. Business Overview

The Company was incorporated in the United Kingdom as a private liability company with registration number 08171762 and it is authorised by the Financial Conduct Authority ('FCA') with licence number 595450 to offer the following regulated activities:

- a) Arranging (bringing about) deals in investments
- b) Arranging safeguarding and administration of assets
- c) Dealing in investments as agent
- d) Dealing in investments as principal
- e) Making arrangements with a view to transactions in investments
- f) Safeguarding and administration of assets (without arranging)

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

- a) Certificates representing certain security
- b) Commodity Future
- c) Commodity option and option on commodity future
- d) Contract for Differences (excluding a spread bet and, a rolling spot forex contract and a binary bet)
- e) Debenture
- f) Future (excluding a commodity future and a rolling spot forex contract)
- g) Rights to or interests in investments (Contractually Based Investments)
- h) Rights to or interests in investments (Security)
- i) Rolling spot forex contract
- j) Share
- k) Spread Bet
- l) Unit
- m) Warrant

Admiral offers financial services to:

- a) experienced traders of small and medium-size financial institutions ("SMEs");
- b) elective professional clients with experience in trading; and
- c) retail clients that want to invest in CFDs or Transferable Securities.

Through the use of on-line trading platforms and real-time pricing. Client accounts can be operated online with services to be available on a 24-hour basis 5-days a week (prices quoted from 10pm Sunday - 10pm Friday).

Execution only trading services

All trades executed by Admiral at present are on a matched principal basis. Through this arrangement Admiral does not hold any trading positions and has no market risk and only credit risk if there is a settlement default. The risk of a default is minimised by operating strict controls to monitor intraday client exposures, holding sufficient client margin to cover potential market movements, and selecting an inter group Liquidity Provider (LP) with robust risk monitoring systems. The LP to Admiral is Admiral Markets AS (AM AS) a group company contained within the umbrella of Firms ultimately controlled by AM Group AS.

Combination of profit share and volume-based rebate from AM AS acting as the sole liquidity provider

This is based on trade volumes and is calculated on a periodic basis to help ensure that the UK business makes a 'profit'. This adjustment is made on a monthly basis and will depend on the general market situation. In essence, if Admiral have experienced a poor month of losses on their trading, then a higher amount will be received from AM AS to cover the trading losses in addition to all the fixed expenses incurred by Admiral.

Admiral's business scope, depending on the product, will focus on reputable professional clients to experienced retail clients but also pure retail clients, from across the world.

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 from investment services and activities	< £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 UK Generally Accepted Accounting Practice ("GAAP"). 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 GAAP.

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

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

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, Admiral 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 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 ¹	Warning ²	Limit ³
Minimum Own Fund Requirement	≥£3,900k	<£3,900k	£3,302k
Common Equity Tier 1 Ratio	>100%	<75%	56%
AT1 Capital Ratio	>125%	<100%	75%
Total Capital Ratio	>150%	<125%	100%
Liquid Assets	≥£380k	<£380k	£318k
Return on Assets	≥5.00%	<5.00%	0.00%
Retained Earnings / Total Equity	≥10.00%	<10.00%	5.00%

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, Admiral has identified the following material risks.

2.4.1. Credit Risk

Based on the area of activity of Admiral, credit risk arises in respect of accounts receivable, prepayments, other accrued income and fixed assets. The Investment Firm does not offer financing for the transactions of clients and does not issue investment loans. The most important source of credit risks are the obligations of partners related to everyday economic activities and payment service providers.

CREDIT RISK				
No.	Object	Impact/ Probability	Description	Control and management
1.	Emergence of debts in trading accounts	High/ Low	The loss caused by the client's inability to pay the deficit in their account.	Stop-out rules are implemented to protect clients against losing all of their funds by automatically liquidating a harmful position to the agreed level in the event the client's account balance decreases.
2.	Concentration of funds	High impact / Possible	The possibility of a loss arising from a large risk position concentrated in the hands of a person or	In handling concentration risk, the Investment Firm accurately follows the norms pursuant to which the amount of the funds held in credit institutions may not exceed 100% of the company's own funds and the amount of funds held in other companies may not exceed 25% of own funds. When limits are exceeded, the

			related persons.	funds are transferred to another cooperation partner according to the decision made by the management. The Risk Department also guarantees that no concentration risk emerges when the positions of clients are opened.
3.	Counterparty's risk position	High / High	The threat that a counterparty of a trading portfolio transaction is unable or unwilling to perform its contractual obligations.	The management analyses the financial status and risk quality of partners to manage the counterparty risk. An internal score is given to every counterparty and partners are divided in risk groups accordingly. Only minimal quantities of funds are held with the lowest-scoring partners when operatively necessary. In order to reduce the counterparty risk, the company has established certain requirements for the selection of counterparties. The main conditions are as follows: • the existence and validity of an activity permit or the activity permit issued by the local financial supervision authority must be ascertained, as it makes it possible to conclude without a doubt that the legal and supervision procedures of the specific country guarantee that the companies which have received activity permits in the contracting state or third country in question (counterparties) comply with legally binding requirements. It must also be ascertained that the required supervision of the counterparties in question is exercised in the relevant country; • sufficiently long period of operations and a good and trustworthy reputation; • sufficient reporting and its accessibility, so that the necessary opinion of the counterparty's operations can be given.

2.4.2. Market Risk

Market risk is the risk where changes in market prices, interest rates, equity prices, exchange rates and commodity prices, but also in the overall inflation reduce the company's assets or increase the value of its liabilities. Currency risk is the main part of market risk that may influence the size of the Investment Firm's capital requirements. Currency risk means potential loss caused by unfavourable changes in exchange rates. Two threats are associated with the currency risk for the company: the threat to transactions (losses of clients resulting from transactions) and conversion threat (loss from changes in the price of liabilities and assets).

MARKET RISK				
No.	Object	Impact/ Probability	Description	Control and management
1.	Size of open aggregate positions	Very high / High	High uncovered position may cause large losses if the market moves in a direction that is unfavourable for the company.	Although the majority of risk positions are offset, managing open aggregate positions is one of the key aspects of the function of the Risk Department of Admiral. The company's Trading Department constantly monitors the company's aggregate positions. A risk position can increase considerably if the client's purchase positions are considerably weightier than the sale positions, or vice versa. The function of the Risk Department is to constantly monitor and manage the quantity of open aggregate positions and the established limits of risk positions, which includes guaranteeing that appropriate risk management is implemented when limits are exceeded.
2.	Large positions	Low / High	A significant increase in risk positions may pose a risk to the limits established in respect of currency risk.	Maximum sizes of transaction orders have been established for instruments, which are automatically complied with without the intervention of the Trading Department. This guarantees that the Trading Department can assess open aggregate positions appropriately and inform the risk manager when the limits of risk positions have been achieved.
3.	Market volatility	Medium / Medium	High market volatility means that the price of an instrument can change significantly in a short period of time, which creates the risk that the company suffers a significant loss due to the high-risk positions of clients.	Admiral constantly monitors market volatility and determines the maximum limit of the open aggregate positions of clients. As soon as the aggregate position exceeds the established limit, the Trading Department performs risk management transactions via its counterparties.
4.	Changes in exchange rates	Very low / Very high	Fluctuations in exchange rates may reduce the value of funds	In order to prevent the reduction of the value of funds held in foreign currencies, the company has implemented measures that make it possible to control the fluctuation of currencies. The Financial

			held in foreign currencies.	Department has implemented processes that make it possible to balance the positions arising from claims and obligations. The Financial Department has also established a separate policy that regulates the handling of on-balance sheet funds in various currencies.
5.	Gaps	High / Medium	The threat that a price can move unexpectedly, and the funds held in counterparty accounts may not be adequate to cover possible losses.	The Trading Department guarantees that every counterparty account contains adequate funds against the risk arising from the compulsory closure of an open position. The risk manager constantly monitors the liquidity of the currencies related to instruments. If the liquidity of a currency has decreased or the risk that the central bank or government may intervene in the development of the exchange rate has emerged, the positions allowed to clients are reduced or trading with them will be closed altogether.

2.4.3. Operational Risk

Operational risk is the risk to sustain a loss due to internal processes, human activity, inadequacy of systems or their failure to function as expected, or external events.

OPERATIONAL RISK				
No.	Object	Impact/Probability	Description	Control and management
1.	Personnel risk	High/Low	The risk that may emerge if AM AS uses disloyal or incompetent employees for the achievement of its goals.	All employees pass internal training and start working when they have acquired all the necessary knowledge. Various internal controls are also implemented for checking the activities of employees.
2.	Risk arising from broker's activities	Medium/Very low	Mistakes are made in handling the orders of clients / a broker makes a mistake when handling a client's order.	Employees of the Trading Department monitor the execution of all orders. The majority of orders are automatically executed in the trading system. However, the Trading Department monitors their execution 24 hours a day. The transaction orders that Admiral cannot be automatically executed straightaway must be approved for execution by a broker. This allows the Trading Department to adequately assess risk positions. All orders are saved in a database.

				All orders given by telephone are recorded
3.	Disruption in price flow	High/Very low	Interruption in the work of terminals, which means that clients cannot conclude transactions.	Several price flows from different financial institutions arrive in the system. When one flow is inaccessible or the service is disrupted in respect of a price flow, the system automatically transfers to the price flow of another price provider. Admiral also uses a special expert adviser programme, which is installed on the computer(s) in the dealing room and warns brokers (after 60 seconds) when an error has occurred in the quotations flow (or it has stopped).
4.	Technical system error	High / Very low	Loss of data caused by a system error or disruption (problems with the internet connection, software, power supply fluctuations) may have a significant impact on business activities.	Business continuity and recovery procedures have been established. If an event that disturbs the usual functioning of operations takes place and causes a system error or disruption, including in telephone or internet connection, software, primary and backup server hosting, or if an on-site emergency occurs, the employees will follow the official recovery plan and procedure. The system administrator who monitors the operating system informs the key persons if there is a system disruption or error. The backup trading server takes the operations over if there is a system error or disruption that cannot be eliminated in reasonable time.
5.	Deficient IT security	Medium / Medium	Unauthorised or unintentional disclosure or loss of sensitive information, which may also cover personal or financial data.	Employees of the IT Department are responsible for monitoring the security of systems. Systems authorise users via usernames and passwords. All of the information sent by clients and/or via the system, including authorisation and orders, is encrypted. The persons who exercise supervision determine the appropriate and effective security procedures that may cover the use of firewalls to protect the system and connected networks. All incoming requests aimed at changing or acquiring information related to a client's account password or authorisation are made in accordance with security

				<p>procedures. An internal procedure for information security has been established. System and server administrators are responsible for security. System and server administrators are also responsible for the application of the standards and strategies required for monitoring the security of systems and they are obliged to take action whenever necessary. All new services must pass security checks before their implementation so that any weaknesses in the system can be identified. The company's internal login system records the connections of all users who enter the system. Secure Sockets Layer is used in the company to guarantee data security upon transmission.</p>
6.	Fraud / money laundering	High / Very low	<p>The risk that the clients of Admiral commit fraud in relation to the use of services or engage in any other illegal activities such as money laundering or terrorist financing.</p>	<p>Money laundering prevention procedures are in place. All employees of Admiral pass the relevant training, are competent and follow the procedure corresponding to their position, including the rules established for opening accounts, accepting deposits/withdrawals, customer service, etc. Money laundering prevention procedures determine the rules for identification and verification of the identity of clients, monitoring clients, checking the origin of the assets of clients, background checks, monitoring and reporting of suspicious activities, data preservation, describing the role of the compliance officer, training employees and carrying out compliance checks and internal audits.</p>
7.	Broker's trading decisions	Medium / Very low	<p>The possibility of unintentional or intentional opening of large positions that may cause big losses for the company, closing or changing the transactions of</p>	<p>Brokers are personally responsible for the transactions concluded during their shifts. Brokers take screen shots of net positions open at the moment three times a day. Also, a report is prepared at the start of every working day that shows the changes held in the trading accounts opened by the Investment Firm in counterparties in comparison to the previous day. If any suspicious activities are</p>

			clients via MT Manager.	detected, it will be easy to identify the reason of such activity, when it was carried out and who is responsible for it.
8.	Disclosure of the company's business secrets	High/ Low	Disclosure of the company's business secrets.	The rights and obligations of employees are set out in their job descriptions. Additional rights (e.g. access to additional, confidential information) are granted only with the consent of the management.

2.4.4. Reputational Risk

Reputation risk means negative public attention towards the business activities of Admiral, which irrespective of its truthfulness brings about a decrease in the customer base, reduces income or increases legal expenses. Reputation risk also covers the risk of loss of reputation.

REPUTATIONAL RISK				
No.	Object	Impact/ Probability	Description	Control and management
1.	Financial services providers operating without activity licences (external factor)	Low/Medium	If sufficient supervision and control is not exercised over the activities of certain financial services providers, clients may get the impression that the Investment Firm belongs among the kind of financial services providers that operate without the relevant licence (generalisation risk). The activities of such companies may have an impact on the company's area of activity in general, influencing the opinion of clients about financial institutions and services.	The company organises PR activities for educational purposes to raise the awareness of existing and potential clients of the regulation of financial services and the quality of the services offered by regulated brokers.

2.	Global scandals in the financial environment	Medium/Very low	Scandalous events influencing investing activities that have occurred in larger financial institutions and been unfavourably covered by the media.	The risk cannot be controlled, but it can be hedged via direct client relationships using different channels (website, e-mails, etc.).
3.	Client complaints	Low/Medium	Negative impact on the company's reputation (and the associated decrease in the customer base) due to the dissatisfaction of the company's clients.	The company keeps a complaints register that helps identify deficiencies and react appropriately and in a timely manner to prevent the realisation of reputation risk. Customer service training procedures have been established

2.4.5. Strategic Risk

Strategic risk means the impact of competition, the operating environment or another factor on the achievement of the strategic goals of Admiral.

STRATEGIC RISK				
No.	Object	Impact/ Probability	Description	Control and management
1.	Economic impact	Low/Very low	Stalling economic growth may reduce the trading activity of clients.	The company's principle is to use long-term strategic planning (also covers the preparation of an annual budget) that considers possible changes in macroeconomic conditions and competition.
2.	Delay in the introduction of new products and service	High/Medium	Delays in the introduction of new products and services may cause a decrease in the number of potential clients.	Admiral Markets uses different software such as Atlassian Confluence and JIRA to simplify internal cooperation and improve project management.
3.	Competing activity	High/Medium	The activities of competitors may threaten the achievement of the business goals set by the management.	The company constantly monitors changes in the economic environment, assesses the activities of competitors and monitors the development of new (contemporary) technologies.

4.	Swap/rollover values	Very low/Very low	Swap/rollover values, which are not in conformity with the competition conditions, may drive clients to choosing a new service provider.	The swap (rollover) is reviewed after every six months and established in accordance with the present market and competition conditions.
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2.4.6. Liquidity Risk

On the one hand, liquidity risk covers the funding liquidity risk, which is associated with the capability of Admiral to procure cash for covering loan payments, satisfying the collateral and marginal requirements of transaction counterparties and allowing for capital to be withdrawn in the case of investment funds. Trading-related liquidity risk means the risk that the conclusion of a transaction for the prevailing market price may prove to be impossible, because no counterparty can be found for the transaction.

LIQUIDITY RISK				
No.	Object	Impact/ Probability	Description	Control and management
1.	Funding liquidity	Low/Very low	The lack of funds in the bank account may cause delays in making payments, which in its turn affects both the operational and reputation risk.	Permanent controls over the accessibility of funds have been established. The Financial and Risk Department guarantee that funds are divided between external partners (investment firms and credit institutions) in such a manner that funds are accessible at all times. Also, in order to assess the large incoming and outgoing flows of cash, the Compliance Department is informed about all deposit and withdrawal orders that exceed 15,000 euros.
2.	Market liquidity	Very low/Very low	The loss sustained when the company wants to immediately execute a transaction or liquidate a position.	In order to avoid problems caused by an illiquid market, the main goal of the Investment Firm is to offer its clients only the most liquid instruments. Before offering a new trading instrument, the Risk Department makes sure that any risk position that may emerge from such a trading instrument, can be hedged via counterparties.

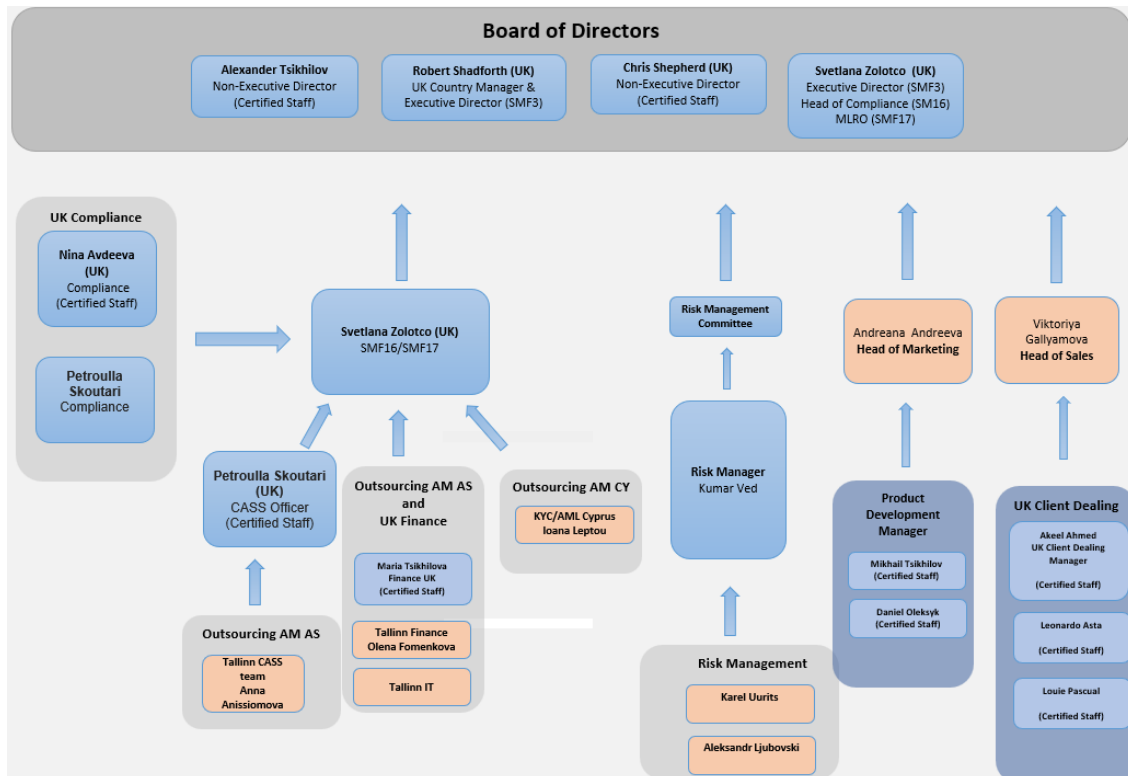
3. Governance Arrangements (MIFIDPRU 8.3)

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.

3.1. Organisational Structure

The Company's latest organizational structure is as follows:



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, Admiral 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, in light of the level of risk tolerance set, where applicable.

3.2. Board of Directors

The Company's Board of Directors comprises of two executive directors and two non-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 of the Firm is responsible for the total process of risk management, as well as forming its own opinion on the effectiveness of the process. The Board sets the risk strategy policies. The Board decides the Firm's appetite or tolerance for risk – those risks it will accept and those it will not take in the pursuit of its goals and objectives. In addition, the Board ensures that the Firm has implemented an effective, ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to ensure that such risks are actively managed. The Board will, at least annually, conduct a review of the effectiveness of the Firm's system of internal controls. The review will cover all material controls, including financial, operational and compliance controls and risk management systems.

The Board has responsibility to:

- a) oversee the risk management systems, practices and procedures to ensure effectiveness of risk identification and management;
- b) monitor, all elements of compliance with the rules of the FCA and other organisations as they apply to the Firm;
- c) to consider the adequacy of the procedures that have been established to ensure compliance with the Rules and Guidance of the FCA and/or other regulatory bodies as appropriate;
- d) to review and assess the risk management strategy of the Firm and, where appropriate, to ensure that risks are adequately mitigated;
- e) to ensure that the compliance and risk management functions are adequately resourced and has appropriate standing and independence within the Firm; and
- f) to consider other topics, as defined by senior management or the Risk Committee from time to time.

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 £100million. Therefore, the Company is not obliged to establish any committee. However, the Company has established a Risk Management Committee in order to ensure the effectiveness of the overall policies and practices applied related to risk. The Risk Management Committee has met four 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.

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*

Name of Director	Position	Number of Executive Directorships	Number of Non-Executive Directorships
Robert Shadforth	Executive Director	1	-
Andreas Ioannou	Executive Director	1	-
Svetlana Zolotco	Executive Director	1	-
Christopher Shepherd	Non-Executive Director	-	1
Alexader Tsikhilov	Non-Executive Director	-	1
Sergei Bogatencov	Non-Executive Director	-	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.

Admiral 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
1.	OWN FUNDS	6,450	
2.	TIER 1 CAPITAL	6,450	
3.	COMMON EQUITY TIER 1 CAPITAL	6,450	
4.	Fully paid up capital instruments	8,000	1(Shareholders' Equity)
5.	Share premium	-	N/A
6.	Retained earnings	1,325	2&3(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
11.	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
19.	CET1: Other capital elements, deductions and adjustments	(2,875)	1 & 3 (Assets)
20.	ADDITIONAL TIER 1 CAPITAL	-	
21.	Fully paid up, directly issued capital instruments	-	N/A
22.	Share premium	-	N/A
23.	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24.	Additional Tier 1: Other capital elements, deductions and adjustments	-	N/A
25.	TIER 2 CAPITAL	-	
26.	Fully paid up, directly issued capital instruments	-	N/A
27.	Share premium	-	N/A
28.	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
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	Admiral Markets UK Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	549300ICEWWNWCQ3K855
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)	8.000
7	Nominal amount of instrument	£8,000,000
8	Issue price	£1
9	Redemption price	N/A
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	08 August 2012
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 (signposting)	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 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

		Balance sheet as in published/ audited financial statements	Cross reference to template OF1
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1.	Intangible Assets	5	Ref.19
2.	Tangible Assets	127	N/A
3.	Investments	2,869	Ref.19
4.	Debtors	5,375	N/A
5.	Cash at bank and in hand	10,605	N/A
Total Assets		18,981	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1.	Creditors	9,582	N/A
2.	Creditors	76	N/A
Total Liabilities		9,658	
Shareholders' Equity			
1.	Share Capital	8,000	Ref.4
2.	Audited Reserves	1,370	Ref.6
3.	Profit for the year	(45)	Ref.6
Total Shareholders' equity		9,415	

5. Own Funds Requirements (MIFIDPRU 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;

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 £955k as per the table below:

Table 7: Fixed Overheads Requirement

Item	£'000
Total expenses of the previous year after distribution of profits	12,600
Total deductions	(8,779)
(-) Staff bonuses and other remuneration	(14)
(-) Employees', directors' and partners' shares in net profits	-
(-) Other discretionary payments of profits and variable remuneration	-
(-) Shared commission and fees payable	-
(-) Fees, brokerage and other charges paid to CCPs that are charged to customers	(8,398)
(-) 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	(267)
(-) Expenditures from taxes	(85)
(-) 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	(15)
Annual Fixed Overheads	3,821
Fixed Overheads requirement	955

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

Further to the above and since the Company is authorized to provide the investment service of Dealing on Own Account, all RtC, RtM and RtF proxies are applicable for the Company. The Company's applicable K-Factors are K-CMH, K-ASA and K-DTF based on its licence and since it is not permitted to provide the investment services of portfolio management or investment advice.

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%.

As at 31 December 2024, the Company was not exposed to the risk relevant to the K-AUM factor since it is not permitted to provide the portfolio management or investment advice services.

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 £5,391k and the respective K-CMH was £22k.

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 £5,034k 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 did not handle any client orders and, as such, was not exposed to the risk arising from K-COH.

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 £736k, as shown in the table below:

Table 9:K-NPR capital requirement

K-NPR	£'000
Foreign Exchange Risk	736

K-NPR	736
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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 emanating from a net foreign exchange exposure of £736k 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:

$$K-TCD = a \times EV \times R_f \times CVA$$

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*

Further to the above, the Company's K-TCD as at 31 December 2024 was £214k.

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 the MIF005, the value of exposures exceeding the limits set in of MIFIDPRU 5.7.1 and the name of the relevant counterparty.

As at 31 December 2024, the Company did not have any exposures above the limit that create a concentration risk requirement.

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.

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

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's DTF was £171,252k and the respective K-DTF was £17k.

5.4. K-Factors Requirement Results

As at 31 December 2024, the Company's K-Factors Requirement is £990k as shown in the table below:

Table 10: K-Factors Results

Item	Factor Amount £'000	K-Factor Requirement £'000
TOTAL K-FACTOR REQUIREMENT		990
Risk To clients		24
K-AUM	-	-
K-CMH (Segregated)	5,391	22
K-CMH (non-Segregated)	-	-
K-ASA	5,034	2
K-COH (Cash Trades)	-	-
K-COH (Derivative Trades)	-	-
Risk to Market		736
K-NPR		736
K-CMG		-
Risk to Firm		231
K-TCD		214
K-DTF (Cash Trades)	176	-
K-DTF (Derivative Trades)	171,017	17
K-CON		-

5.5. Internal Capital Guidance (ICG)

The FCA has provided the Firm with an updated additional capital requirement to be maintained in October 2022. Specifically, the Company's new ICG requirement is equal to 333% of the OFR resulting to an overall capital requirement of £4,393k.

5.6. 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

OWN FUNDS COMPOSITION	£'000
Total Own Funds	6,450
OWN FUNDS REQUIREMENTS	£'000
Permanent Minimum Capital Requirement (MIFIDPRU 4.4)	750
Fixed Overheads Requirement (MIFIDPRU 4.5)	955
K-Factors Requirement (MIFIDPRU 4.6)	990
Internal Capital Guidance (ICG – 333%)	3,302
Total Own funds Requirement	3,302
CAPITAL RATIOS	
Common Equity Tier 1 Capital Ratio (min. 56%)	651.22%
Surplus/(Deficit) of Common Equity Tier 1 Capital Ratio	4,601
Tier 1 Capital Ratio (min. 75%)	651.22%
Surplus/(Deficit) of Tier 1 Capital Ratio	3,974
Total Capital Ratio (min. 100%)	195.37%
Surplus/(Deficit) of Total Capital Ratio	3,149

As per the above results, Admiral 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.

5.7. 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, Admiral'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
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Total Core Liquid Assets	5,978
Non-Core Liquid Assets	3,660
Total Liquid Assets	9,638
Basic Requirement (1/3 of Fixed Overheads Requirement)	318
Surplus/(Deficit)	9,320

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.

5.8. 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 replaced its existing ICAAP with the new ICARA 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 reference date 31 December 2023 has been prepared and approved by the Board on 11 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	£
Basis of Completion of the ICARA Process	
Scope of the Report	Individual
Reference Date of the ICARA process	31/12/2023
Assessing and Monitoring the Adequacy of Own Funds	
Common Equity Tier 1 Capital	6,598
Additional Tier 1 Capital	-
Tier 2 Capital	-
Total Own Funds	6,598
Own funds threshold requirement	3,872
- <i>Own funds to address risks from ongoing activities</i>	1,724
- <i>Own funds necessary for orderly wind-down</i>	3,872
Surplus/(Deficit)	2,762
Assessing and Monitoring the Adequacy of Liquid Assets Held	
Total Core liquid assets	1,203
Total Non-core liquid assets	2,799

Total liquid assets	4,002
Liquid assets threshold requirement	2,996
- <i>Basic liquid assets requirement</i>	442
- <i>Additional liquid assets required to fund ongoing business operations</i>	-
- <i>Additional liquid assets required to start wind-down</i>	2,554
Surplus/(Deficit)	1,006

Further to the above results, as at 31 December 2024 the Firm's capital and liquid assets were above the respective thresholds calculated. The Company monitors these requirements to ensure compliance at all times.

6. Remuneration policy and practices (MIFIDPRU 8.6)

The Company has in place a remuneration policy in line with the requirements set by FCA. The policy is prepared as an ad-hoc document which reflects the current organisational structure and is proportionate to the size and activities of the Company. The employees are remunerated based on their 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 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.

The policy will be reviewed at least annually and amended as considered necessary by the Firm's Management Body in the event of changing circumstances or regulations.

The control functions (risk management, compliance, internal audit and human resources) and the business units will support the development and the review of the Remuneration Policy.

Due to its size, the Firm does not have a remuneration committee so the Management Body will fulfil the responsibility for decisions regarding remuneration, taking into account the long-term interests of the Firm, its shareholders and other stakeholders, and the public interest.

The Management Body is responsible for overseeing the implementation of the Remuneration Policy.

On an annual basis an independent internal review of compliance with remuneration policies will be carried out by Compliance Officer. The results of the review and any actions arising from the review will be documented.

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

This policy is applicable to all aspects of remuneration and to all staff. The Firm commits to a gender-neutral remuneration policy, based on equal pay for male and female staff members for equal work or work of equal value, in line with the Equality Act 2010.

Risk management policies and practices promoting effective risk management

In order to promote effective risk management and discourage risk taking that exceeds tolerated levels, the Firm will consider the following when awarding variable remuneration:

- Key Risk Indicators, assigned to teams and individuals
- Performance against risk objectives set
- Compliance by employees to regulations and best practice

The Firm's risk management strategy, appetite and tolerance is stated in its Risk Framework. Operating within the scope of the Firm's risk framework, including environmental, social and governance factors, is a pre-requisite to the award of any variable remuneration.

Business strategy Practices

In order to encourage behaviours in line the business strategy, objectives, values and long-term interests of the Firm, the Firm will consider the following when awarding variable remuneration:

- Performance against business objectives set
- Behaviours displaying the culture and core values of the Firm
- Treating customers fairly

- The long-term effect of investment decisions

Avoiding conflicts of interest

The Firm recognises that conflicts can arise where employees are responsible for determining the remuneration of their own business areas, however the scale of the firm means that this may be unavoidable. The Management Body will be responsible for determining all remuneration packages across the company with approval for their own remuneration sought from others on the Management Body.

To avoid conflicts of interest, variable compensation is not linked to sales or volumes but determined by the employee's performance against set objectives which will take into account a number of different factors including a good standard of compliance, treating customers fairly and quality of services to clients. This will ensure that an employee does not have an incentive to favour their own interests, or that of the Firm to the detriment of a client.

The Firm recognises that conflicts can arise where employees are responsible for determining the remuneration of their own business areas, however the scale of the firm means that this may be unavoidable.

6.2. Remuneration Review

Remuneration will be assessed annually in accordance with the Firm's appraisal process. The appraisal process involves objective setting for each employee and a review of performance against the objectives on, at least, an annual basis. The performance against objectives will be used as the basis for any variable compensation awarded.

6.3. Fixed and Variable Remuneration Components

Employees' remuneration will consist of fixed remuneration (or a base salary) and, in some cases, performance related variable remuneration.

Fixed Remuneration

Fixed remuneration is predominantly based upon the employee's professional experience and organisational responsibility as set out by their job description and terms of employment. This fixed remuneration is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance. All fixed remuneration is reviewed and revised by CEO.

The Firm offers the following as fixed remuneration:

- Base salary
- Pension contributions
- Private healthcare

Variable remuneration

In addition to their fixed remuneration, certain employees may also receive variable remuneration that reflects long term performance of the staff member or performance in excess of that required to fulfil their job description and terms of employment.

Non-Executive Directors do not receive variable remuneration.

Variable remuneration will only be awarded when it is sustainable to the Firm's overall financial situation and taking into account any known future events, the performance of the firm, the business unit and the employee.

The Firm operates the following variable remuneration schemes:

- Bonus

Balance of fixed and variable components of total remuneration

The Firm will ensure that the fixed and variable components are appropriately balanced and that the fixed element is sufficiently high to allow a fully flexible application of the variable component, including the possibility of paying no variable remuneration if appropriate.

The balance between fixed and variable remuneration will be determined by the Firm's activities and risk and the role of the individual within the Firm.

The Firm has set a defined maximum ratio between the fixed and variable components of the total remuneration structure for the different categories of staff. Any variable compensation awarded will be done in a manner that does not favour the interests of the firm against the interests of any client. The ratios may change from one performance period to another.

6.4. Remuneration and capital

The Firm will ensure that the total variable remuneration awarded does not limit its ability to strengthen its capital base by ensuring that the arrangements are sufficiently flexible and allowing resources to be directed towards the capital base if required.

6.5. Assessment of performance

The Firm will base the total amount of variable remuneration on an assessment of the performance of the employee, the business unit and the Firm's overall results.

When assessing individual performance, financial as well as non-financial criteria will be taken into account, including effective risk management, compliance with regulations and appropriate conduct in line with the Firm's values. Poor performance in non-financial criteria will override financial performance.

The criteria that will determine any variable remuneration will include the following financial criteria:

- The Firm's performance
- Business unit performance

The criteria that will determine any variable remuneration will include the following non-financial criteria:

- Employee performance against objectives
- Employee conduct
- Effective risk management
- Compliance with regulations
- Adherence to the Firm's culture and core values (leadership, teamwork)
- Treating customers fairly
- Quality of service provided to clients
- Achievement of targets relating to environmental, social and governance factors and diversity and inclusion

The Firm will base the assessment of performance on a multi-year framework to ensure that the assessment is based on a longer-term performance and that payment of the performance based variable components will be spread over a period taking into account the business cycle of the Firm and its business risks.

6.6. Non-standard variable remuneration

All non-standard variable remuneration is subject to malus and clawback.

6.6.1. Guaranteed variable remuneration

The Firm will not award guaranteed variable remuneration (sign-on bonus or golden handshake) to a material risk taker unless it occurs in the context of hiring a new material risk taker, it is limited to the first year of service, and the Firm has a strong capital base.

6.6.2. Retention awards

A retention award is a bonus which is dependent on the individual remaining until the role until a specified event or period of time.

The Firm will only pay a retention award to a material risk takers after a defined event or at a specified point in time.

6.6.3. Severance Pay

The Firm does not pay severance payments.

6.6.4. Buy-out awards

The Firm will ensure that any remuneration packages relating to buy-out from a material risk taker's contract from a previous employer align with the long-term interests of the Firm and that any periods of retention, deferral and ex post risk adjustment are no shorter than any corresponding periods applicable to unvested variable remuneration under the previous contract of employment.

6.7. Performance and Risk Adjustment

When considering variable remuneration, the Firm will principally base the assessment of financial performance of the Firm on profits, adjusted for all types of current and future risks (including financial and non-financial risks) and the cost of capital and liquidity that is required to meet regulatory requirements. Where there is negative financial performance of the Firm, then total variable remuneration will be considerably smaller, both for current remuneration and reductions in payments of variable compensation previously earned through malus or clawback.

The Firm will consider at which level any risk adjustments should be applied (e.g., Firm level, business unit level or individual level). The Firm will keep a record of the risk adjustment techniques and measures it uses and will include risks such as reputation, conduct, client outcomes, values and strategy. The risk management function will validate the risk adjustment techniques at a meeting with the Management Body.

The Firm will also take into account the need for consistency with the timing and likelihood of future potential revenues incorporated into current earnings.

The Firm will ensure that a variable remuneration is paid only if it is sustainable according to its financial situation and is justified on the basis of the performance of the Firm, the business unit and the individual.

All variable remuneration will be subject to in-year adjustments, malus or clawback arrangements.

6.7.1. Malus

Where variable remuneration has been deferred, malus can be used to reduce or cancel variable remuneration before it has been paid out or vested.

The Firm will use malus where a material risk taker participated in or was responsible for conduct that resulted in significant losses to the Firm, or where they failed to meet the required standards of fitness and propriety.

The Firm will consider malus when there is reasonable evidence of misbehaviour or a material error, there is a material downturn in financial performance of the Firm or a business unit, or the Firm or business unit suffers a material failure of risk management.

The Firm may apply malus up until the time the variable remuneration has been paid or vested fully.

6.7.2. Clawback

Where variable remuneration has already been paid or vested, clawback can be used to require the return of variable remuneration.

The Firm will use clawback where a material risk taker participated in or was responsible for conduct that resulted in significant losses to the Firm, or where they failed to meet the required standards of fitness and propriety.

The Firm will use clawback in cases of fraud or severe negligence which has led to significant losses.

The Firm's clawback period is a minimum of 3 years to allow sufficient time for any potential risks to crystallise. The clawback period of each material risk taker will take into account the nature of their activities, their impact on the risk profile of the firm and the length of the business cycle relevant to their role.

6.8. 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.

Moreover, the remuneration of the Company's non-executive directors is fixed, and it is set at a level that is market aligned and reflects the qualifications and competencies required based on the Company's size and complexity, the responsibilities and the time that the non-executive directors are expected to consume in order to serve the Company.

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

Annual Remuneration as at 31 December 2024				
Position	No. of Beneficiaries	Fixed Remuneration £	Variable Remuneration £	Aggregated Remuneration £
Senior Management	5	380,000	-	380,000
Other material risk takers	4	300,000	80,000	380,000
Total	9	680,000	80,000	760,000

The variable to fixed remuneration ratio for material risk takers excluding the Senior Management as at **31 December 2024** was 11.76%.

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 £100million. Therefore, the Company is not obliged to disclose information on Investment Policy as per the provisions of MIFIDPRU 8.7.