

FNZ Securities Limited

MIFIDPRU 8 Disclosure

For the Year Ended 31 March 2022

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Glossary

Term	Definition
ARCC	Audit, Risk & Compliance Committee
CET1	Common Equity Tier 1 Capital
CRR	Capital Requirements Regime
EWI	Early Warning Indicator
ExCo	Executive Committee
FCA	Financial Conduct Authority
FNZ Group/ FNZ	FNZ Group Entities Limited, FNZ Group Limited and their subsidiaries
FNZ SL	FNZ Securities Limited
FSMA	Financial Services and Markets Act 2000
FOR	Fixed Overheads Requirement
FRRMF	Financial Resources and Risk Management Framework
HR	Human Resources
ICAAP	Internal Capital Adequacy Assessment Process
ICARA	Internal Capital Adequacy and Risk Assessment
IFPR	Investment Firms Prudential Regime
KFR	K-Factor Requirement
LATR	Liquid Asset Threshold Requirement
MEP	Management Equity Schemes
MRT	Material Risk Taker
Non-SNI	Non-Small & Interconnected
OFAR	Overall Financial Adequacy Rule
OFTR	Own Funds Threshold Requirement'
RTS	Regulatory technical standard
TP	Transitional Provision
3LM	Three lines of defence model

1. Purpose and Background

FNZ Securities Limited ('FNZ SL' or 'the Firm') is regulated by the Financial Conduct Authority ('FCA') as a FCA investment firm and is subject to the financial resource adequacy requirements set by the FCA Prudential Sourcebook for MiFID Investment Firms ('MIFIDPRU') as a MIFIDPRU £750k Non-Small & Interconnected ('Non-SNI') Firm. MIFIDPRU establishes the framework for regulatory financial resource management and includes components that require FCA investment firms, including FNZ SL, to assess the adequacy of their financial resources.

Under MIFIDPRU 8 (Disclosure), FCA investment firms are required to disclose specific information concerning their risk management policies and procedures, including their regulatory financial resource adequacy position. MIFIDPRU came into force on 1st January 2022 and for the first MIFIDPRU disclosure there are transitional provisions, as set out in MIFIDPRU Transitional Provision ('TP') 12, which impacts what investment firms are required to disclose in the first disclosure document under MIFIDPRU. These transitional requirements are summarised below:

- Governance arrangements
- Own funds
- Own funds requirements
- Remuneration (as required under UK CRR and SYSC19A)

In subsequent MIFIDPRU disclosures, the following will also be included:

- Risk management objectives and policies,
- Remuneration (as required under MIFIDPRU and SYSC19G), and if relevant
- Investment policy as per MIFIDPRU 8.7

These disclosures have been prepared on an individual basis for FNZ SL, and cover the financial position for the year ended 31 March 2022 and were approved by the Board on 29 June 2022. The audited annual accounts and financial statements were also approved by the Board on 29 June 2022.

These disclosures have not been audited by the Firm's external auditors except where the information is equivalent to that included in the 2022 audited annual accounts and financial statements. These disclosures have been reviewed by the relevant areas of the Firm.

The disclosures in this document are required to be published at least annually and if appropriate, more frequently. This document is available for download on FNZ's corporate website: <http://www.fnz.com/regulatory-disclosures>.

2. Overview of FNZ Securities Ltd

FNZ SL was incorporated as Rexigon Securities Ltd in March 2015. With the acquisition of Rexigon Securities Limited in May 2021 by the FNZ Group, the firm was renamed FNZ Securities Limited in October 2021.

FNZ SL is a wholly owned subsidiary of FNZ Group Entities Ltd (formerly Kiwi UK Holdco 2, Ltd) (a Jersey registered Company). The ultimate parent company is Falcon Newco Limited (an exempted limited company incorporated under the laws of the Cayman Islands). The ultimate controlling party is FNZ Group Limited (formerly Kiwi Holdco CayCo, Ltd (a Jersey registered Company)) and the Company is a member of the FNZ Group.

The principal activities of FNZ SL are the provision of comprehensive custody, dealing, settlement, technology, administration, and operational solutions to wealth management firms. FNZ SL focuses on

developing long-term partnerships with wealth management firms ('client firms'), enabling them to provide their customers ('retail end-investor') with tailored, highly scalable, integrated, and personalised investment solutions.

FNZ SL principal activities have direct financial risks for FNZ SL that require financial resources to be held to protect against that risk and require FNZ SL to be directly regulated (by the FCA).

In summary, FNZ SL provides a combination of the following core activities:

- **A custody service** – FNZ SL arranges, and is accountable for, the safeguarding of assets as a custodian for the end-investor
- **A dealing desk** – FNZ SL operates a multi asset dealing desk and executes exchange traded instruments across global Recognised Investment Exchanges

FNZ SL also provides the following ancillary service to support its core activities:

- **Software and platform services** – utilising FNZ Group's technology service software delivery capabilities to delivery wealth management platform solutions
- **ISA manager services** (authorised by HMRC - Z1960) and can offer the following ISAs to retail clients: cash, stocks and shares or junior ISAs.

FNZ SL is authorised by the FCA under Part 4A of the Financial Services and Markets Act 2000 ('FSMA') as an authorised investment firm with FCA firm reference number 733400.

3. Governance Arrangements

Governance Overview

The FNZ SL Board has ultimate responsibility for the management of the Firm. It is also responsible for establishing and monitoring the effectiveness of the Firm's corporate governance framework. The Board is also responsible for determining the Firm's strategic direction and risk appetite.

In order to meet its responsibilities the Board has delegated the day-to-day running of the Firm to the CEO. The CEO has, in turn, delegated certain responsibilities to senior management within the organisation. The CEO has established the Executive Committee ('ExCo') which has the objective of assisting the CEO with the task of providing continuous oversight of the key business areas in the context of approved budgets, business plans and risk appetite.

FNZ SL Board Director Overview

The directors (executive and non-executive) on the FNZ SL Board and the number of directorships held by each member, including external directorships, is summarised in the table below. A detailed breakdown is provided in Appendix 1.

Table 1 – Summary of directorships held by each member of FNZ SL Board

Name	Position	Directorships held	
		Executive	Non-Executive
John Tomlins	Chairman of the Board	1	1
Edward James	Chief Executive Officer	2	1
Katrina Sartorius	Executive	4	1
Jonathan Sokhanvari	Executive	3	0

Diversity Policy for the Board

The Diversity and Equality policy for the Board is a group wide policy that is applicable to FNZ SL. FNZ SL values the different perspectives and experiences of its employees and is committed to operating a diverse workforce, in which everyone is treated fairly.

The law protects individuals from discrimination and harassment in the workplace and this policy allows FNZ SL to protect employees, promote diversity and respond to changing demographics and working patterns. The intention is that no employees will receive unfair treatment in the workplace on the grounds of:

- Age, marital status, gender, religion, ethnic origin, ethical beliefs, colour, race, employment status, disability (including illness), sexual orientation, political opinion, family status and involvement or non-involvement in the activities of a union (this is not an exhaustive list).

Our principles are:

- Our leaders understand how diversity and inclusion supports the business and are committed to driving this forward.
- We search for, recruit, and retain top talent from the widest possible sources, reflecting the diversity of the available pool of talent.
- All employees are aware that bullying, discrimination and harassment will not be tolerated on any level and we are committed to dealing with any instances under our Bullying and Harassment Policy.
- All employees will have the same level of access to training and development regardless if they are part-time or full-time.
- We comply with all legislation to ensure we protect the company and our employees.

The commitments to drive diversity and inclusion forward in the workplace are:

- Deliver training to ensure all employees understand the policy and their responsibilities.
- Monitor equal pay for all genders and job role benchmarking/ job design, making improvements where needed.
- Make it possible for employees to achieve a balance between personal and work commitments through flexible working (please see our flexible working policy for more information).
- Develop new products and services to help meet the needs of all our customers.
- Track performance in recruitment and make improvements where needed.
- Monitor and review the Diversity and Inclusion policy regularly.
- Utilise fresh perspectives and nurture creativity and innovation.
- Benchmark progress against other organisations to adopt and adapt ideas where appropriate.

Risk Governance

There is an Audit, Risk & Compliance Committee ('ARCC') established at the divisional level which is responsible for advising the division Boards, where FNZ SL is one of the largest entities under its scope, in its oversight of the effectiveness of the risk management and regulatory compliance systems and controls. FNZ SL continuously assesses the need to establish a risk committee (or similar) at the entity-level. This assessment also forms part of FNZ SL's Internal Capital and Risk Assessment ('ICARA') process.

FNZ SL operates the three lines of defence model ('3LM'), in which risk management, risk oversight, and independent assurance are distinct, separate activities. The 3LM structure provides an effective way to enhance clarity regarding risks and control processes helping to deliver a strong risk management culture. The responsibilities of each line in the 3LM are set out below:

Figure 1 – The responsibilities of each line in the 3LM

The first line: Accountability and Reporting	The second line: Partnership and Oversight	The third line: Assurance
Provision of services to clients <p>The business functions own risks and have the primary responsibility for managing risks on a day-to-day basis and operating an effective suite of internal controls. They also are responsible for implementing corrective actions to address process and control deficiencies.</p> <p>The first line identifies, assesses, controls, and mitigates risks, guiding the development and implementation of internal policies and procedures and ensuring that activities are consistent with goals and objectives.</p>	Risk and Compliance <p>Independent to the first line and provides guidance, oversight, and challenge to the business in relation to risk management.</p> <p>It is responsible for setting risk management framework policies, facilitating and monitoring the implementation of effective risk management practices by senior management.</p> <p>The second line provides expertise and independent challenge to risk owners.</p>	Internal Audit function <p>Provides the Board and senior management with comprehensive independent assurance and advice on the effectiveness of governance, risk management, and internal controls, including how the first and second lines of defence achieve risk management and control objectives.</p>

4. Own Funds

Under MIFIDPRU 8.4 (Own funds), FNZ SL must disclose the following information:

- a reconciliation of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the own funds of the firm,
- a reconciliation of (a) with the capital in the balance sheet in the audited financial statements of the firm, and
- a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the firm.

MIFIDPRU 8.4 requires the above information be presented in the template found in Appendix 2.

A summary of the own funds as at the reference date can be found below:

Table 2 – Own Funds as at 31 March 2022

Summary of own funds	
Item	Amount (GBP 000's)
Fully paid up capital instruments	17,500
Share premium	200
Retained earnings	(1,063)
OWN FUNDS	16,637

5. Own Funds Requirement

Under MIFIDPRU 8.5 (Own funds requirement), FNZ SL must disclose the following information:

- a) a breakdown of its K-Factor Requirements ('KFRs') and Fixed Overheads Requirement ('FOR') (MIFIDPRU 4.3) and
- b) FNZ SL's approach to assessing the adequacy of its own funds in accordance with the Overall Financial Adequacy Rule ('OFAR') (MIFIDPRU 7.4.7R)

5.1 Own Funds Requirement

MIFIDPRU 8.5 specifies a breakdown for the disclosure of the KFRs, split into the sum of each of the following groupings, which essentially reflect:

- (1) assets for which the firm is responsible
 - K-AUM, K-CMH and K-ASA
- (2) execution activity undertaken by the firm
 - K-DTF and K-COH
- (3) its exposure-based risks
 - K-NPR, K-CMG, K-TCD, K-CON

FNZ SL calculates fixed overheads using the subtractive approach proposed by the EBA Regulatory Technical Standards ('RTS') own funds requirements based on Fixed Overheads (EBA/RTS/2014/01) as amended by MIFIDPRU 4.5.3R, whereby variable cost items are deducted from the total audited expenses. The FOR is a quarter of the relevant expenditure. Given the growth of the Firm, and in compliance with MIFIDPRU 4.5.7, the FOR is calculated based on the projected relevant expenditure, rather than the relevant expenditure from the preceding year.

As at 31 March 2022, the Firm was not undertaking any dealing on own account activities, therefore the calculation for the exposure based risks, including the K-CON was nil.

However, the Firm is exposed to concentration risk due to the nature of its business model, i.e. servicing a small number of institutional clients and the scale of its operations. All exposures are monitored accordingly.

For FNZ SL, concentration risk is the risk of losses arising as a result of concentrations of exposures due to imperfect diversification. This imperfect diversification can arise from the small size of a client portfolio or a large number of exposures to a single client or group of connected clients.

Concentration risk may arise for FNZ SL if it is exposed to the failure of a single client from which a material element of its revenue is derived or from a balance sheet exposure.

FNZ SL's own funds requirement as at the reference date is summarised below:

Table 3 - Breakdown of own funds requirement as at 31 March 2022

Breakdown of own funds requirement	
	Amount (GBP 000's)
<u>Fixed Overheads Requirement (A)</u>	3,378
<u>K-Factor Requirements (B)</u>	19.2
- K-AUM, K-CMH and K-ASA	19.0
- K-DTF and K-COH	0.2
- K-NPR, K-CMG, K-TCD and K-CON	0
<u>Own Funds Requirement [Max A or B] (C)</u>	3,378

5.2 Overall Financial Adequacy Rule approach

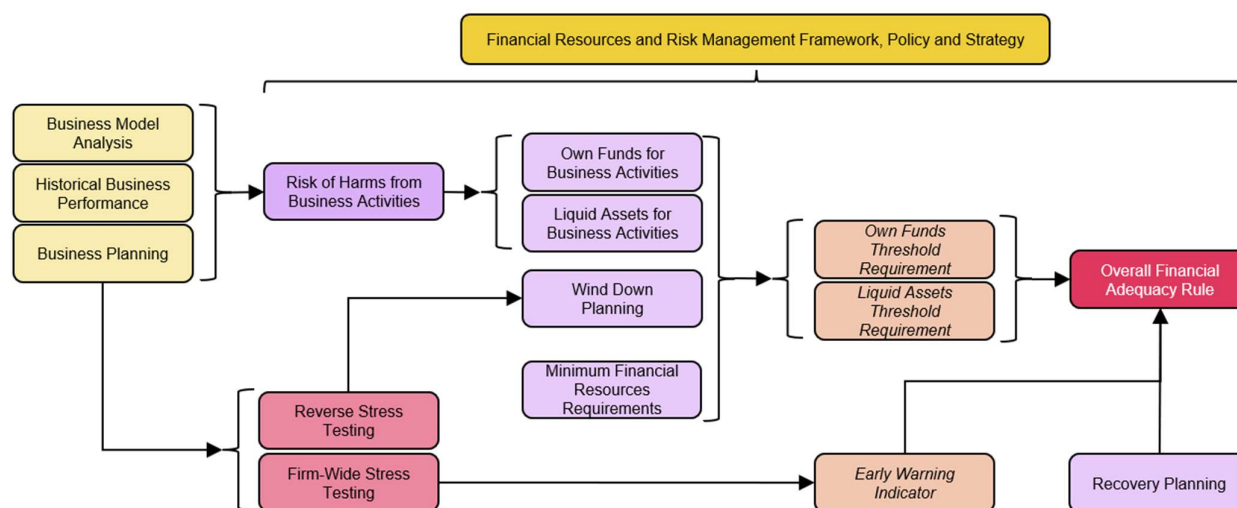
The OFAR, as laid out in MIFIDPRU 7.4, requires that FNZ SL must, at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

- FNZ SL is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities, and
- FNZ SL's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

As at time of publication of this MIFIDPRU disclosure document, FNZ SL's first iteration of the Internal Capital Adequacy and Risk Assessment ('ICARA') process is currently underway. However, for the purposes of the FNZ SL 2021 Internal Capital Adequacy Assessment Process ('ICAAP'), the Firm conducted the assessment under the CRR/CRD IV rules as required, and where relevant introduced additional elements from the Investment Firm Prudential Regime ('IFPR') – which was then subsequently laid out in MIFIDPRU of the FCA Handbook) and additional FCA guidance on assessing adequate financial resources (FG20/1) to estimate their potential future impact on prudential financial resources requirements.

The current approach for the 2022 ICARA follows a similar process used in the 2021 ICAAP with changes made where necessary to adhere to the new prudential landscape. Figure 1 illustrates the 2022 ICARA process:

Figure 2 – ICARA process approach



Business model analysis, historical business performance and business planning

The starting point of the ICARA process is an assessment of FNZ SL's business and operating model. Workshops with the risk owners (i.e. first line) are facilitated by risk oversight (i.e. second line) to discuss and assess the harms which could arise from the business and operating model, the risk events which, if crystallised, would result in the harms occurring, and the scenarios in which those risks are likely to occur in. The input provided by the risk owners is then used as the basis for the risk of harm assessments and stress testing.

Financial Resources and Risk Management Framework, Policy and Strategy

The Financial Resources and the Risk Management Framework ('FRRMF') was created in response to the IFPR. This covers the governance and approach which FNZ SL follows to assess and ensure that it is satisfying the OFAR. The framework is owned by risk oversight, Risk and Compliance function, and the policies and strategy are owned by the risk owner of financial adequacy, the Finance function.

Risk of harms from Business Activities

Various risk assessment methodologies are used to calibrate the own funds and liquid assets to be held by FNZ SL to remain a going-concern. The methodologies and tools used in the assessment vary depending on the nature of the risks and harms. The methodologies are proportionate to the scale and complexity of the risks and harms to FNZ SL's viability.

Reverse Stress Testing and Wind Down Planning

Scenarios which would result in the winding down of FNZ SL are discussed and carried forward into the reverse stress testing which is factored into the assessment of financial and non-financial resources forecasting which is required in order to wind down in an orderly fashion. The financial resources required to do so (i.e. own funds and liquid assets) are then considered in the ICARA financial resources requirement calculations (see below).

Own Funds Threshold Requirement and Liquid Assets Threshold Requirement

FNZ SL then determines that it must hold own funds in excess of the greater of the below amounts assessed in the ICARA process:

- Permanent Minimum Requirement,
- Fixed Overhead Requirement,
- Own funds required to remain an on-going concern, or
- Own funds required to wind down in an orderly fashion.

This amount becomes FNZ SL's Own Funds Threshold Requirement ('OFTR').

FNZ SL then determines that it must hold liquid assets¹ in excess of the greater of the below amounts assessed in the ICARA process:

- Basic Liquid Asset Requirement,
- Liquid assets required to remain an on-going concern, or
- Liquid assets required to wind down in an orderly fashion

This amount becomes FNZ SL's Liquid Asset Threshold Requirement ('LATR').

Firm-Wide Stress Testing, Early Warning Indicator and Recovery Planning

FNZ SL's 3-year business plan is stress tested for scenarios which risk owners have assessed as resulting in risks crystallising which in turn lead to material harm. Where scenarios have been determined to be outside of the firm's direct control e.g. a global market downturn, the reduction in own funds and liquid assets surplus over the relevant threshold requirement is used to calibrate Early Warning Indicators ('EWIs') which are used as management action triggers in the Financial Resources Recovery Plan.

Where stress testing showed a breach of either, or both, of the threshold requirements, and if such a breach was to crystallise, a notification would be sent to the FCA along with a recovery plan setting out the likely actions available to the Board to remediate the breach. FNZ SL has a Financial Resources Recovery Plan in place which is reviewed annually and updated to reflect changes to the business, the scenarios selected by the risk owners, and financial resources available to the Firm. The Financial Resources Recovery Plan includes roles and responsibilities of individuals and functions in a recovery situation, the escalation triggers and process, a list of recovery actions and their impact, and testing of the recovery plan.

6. Remuneration

For the 2022 MIFIDPRU Disclosure document, MIFIDPRU TP 12 (Disclosure Requirements) is in effect. Therefore, the rules which apply to the remuneration disclosure in this year's disclosure (which relates to a performance period that began before and ends after 1 January 2022) are those laid out in Article 450 of the UK CRR and the IFPRU Remuneration Code (SYSC 19A). Subsequent MIFIDPRU disclosures relating to remuneration will apply the rules laid out in the MIFIDPRU Remuneration Code (SYSC 19G).

6.1 Remuneration Governance

The purpose of the Remuneration Code is to ensure firms establish, implement and maintain remuneration policies, procedures and practices that are consistent with, and promote, sound and effective risk management. The IFPRU Remuneration Code applies to 'Remuneration Code Staff' (i.e. Code Staff). The remuneration policy is in line with the business strategy, objectives, values and long-term interests of the firm. The remuneration policy also has measures to avoid conflicts of interest. Code Staff are defined as employees whose professional activities have a material impact on the Firm's risk profile, in accordance with

¹ As at time of publication, FNZ SL's sole liquid asset is 'cash at bank'.

the UK CRR and include senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the Firm's risk profile.

Under the UK CRR and IFPRU, FNZ SL is not a 'significant' IFPRU firm (nor is it a 'significant' SYSC firm under the current MIFIDPRU and updated SYSC Handbooks). Given FNZ SL's smaller scale, the need for a separate Remuneration Committee is unnecessary and overburdensome. The FNZ SL Board is responsible for setting and overseeing FNZ's policy on all aspects of remuneration. FNZ SL's Human Resources ('HR') functions will support the Board with the development of the remuneration policy. Risk & Compliance will advise and support the HR function to ensure that it remains consistent with the applicable Remuneration Code principles and FNZ's business objectives. As FNZ SL's business grows, the HR will continuously monitor the need for a separate Remuneration Committee, regardless if the Firm exceeds the IFPRU/SYSC significant firm thresholds or not.

FNZ's Remuneration Policy will be reviewed annually by the FNZ SL Board.

6.2 Remuneration Policy Overview

Remuneration at FNZ SL is made up of fixed (i.e. salary) and variable components.

Salary is set in line with market competitiveness at a level to retain, and when necessary attract, skilled staff.

Bonuses are paid on an exceptional basis and are designed to reflect the performance of an individual in contributing to the success of FNZ SL and their success in meeting, or exceeding, targets that have been set by the business on an individual basis. In addition, any bonus will take into account the performance of the business unit concerned and the overall results of FNZ SL, including being funded from a bonus pool created by reference to FNZ SL profitability performance relative to target.

The measurement of financial performance will be based principally on EBITDA and not on revenue or turnover. Individual performance objectives are set and reviewed on an annual basis and over-achievement of such goals may form part of a bonus award. Awards granted will reflect the financial performance of FNZ SL and as such, variable remuneration may reduce where subdued or negative financial performance occurs. The remuneration of the Control Functions (Risk, Compliance, and Internal Audit) are overseen by the FNZ SL Board.

FNZ SL will not ordinarily make any bonus awards should it make a loss. In exceptional circumstances, such payments may need to be considered. In such cases, the FNZ SL Board will consider and document whether such an award would be in keeping with FNZ SL's Remuneration policy. All bonuses are subject to a malus principle under which payments may be clawed back in certain circumstances.

All salary and bonus award proposals made to the FNZ SL Board are reviewed by risk and compliance as part of the process of approval.

Variable remuneration (annual bonus) does not have an adverse impact on the capital or liquidity held by the Firm. Finance has in place a quarterly accrual in line with our financial performance to ensure there is no impact to capital/liquidity of an annual payment of variable remuneration. FNZ SL prohibits any exemption from the Remuneration Code in regard to personal investment strategies, pension policy or through any form of instrument/ vehicle.

There are Management Equity Schemes ('MEP') in place allowing equity participation in the FNZ Group. Under the MEP, employees and other specific individuals (including Executive and Non-Executive Directors) hold direct and indirect ownership interests in the FNZ Group, the value of which will depend on the achievement of value-creation performance hurdles. The current MEP interest have an original 8 year vesting schedule.

Non-executive Board members do not receive performance-based remuneration. Where MEP interests are granted to Non-Executive Directors, prior shareholder approval is sought, and any MEP interests acquired are required to be held until at least one year after the Non-Executive Director leaves the board. Remuneration for Non-Executive Board members is set at a level that is market aligned and reflects the qualifications and competencies required in view of the Firm's size and complexity, the responsibilities and the time the Board members are expected to allocate to fulfil their duties as Board members. No pension contributions are payable on Board members fees.

6.3 Quantitative Remuneration Disclosures

FNZ SL operates as a single business unit. The aggregate total remuneration for the financial year ended 31 March 2022 was £1,047 thousand, of which £83 thousand was variable remuneration awarded. The Firm became an employing entity on 11 January 2022.

The aggregate quantitative information has been broken down into the following categories:

1. Senior Management: defined as executives whose roles need to be approved by the FCA under the Senior Management Functions (SMFs).
2. Other Material Risk Takers ('MRT'): defined as per SYSC 19G.5 a staff member at a non-SNI MIFIDPRU investment firm whose professional activities have a material impact on the risk profile of the firm or of the assets that the firm manages.

Table 4 - Remuneration amounts for the financial year-ended 31 March 2022

Fixed and Variable Remuneration (GBP 000's)		
Remuneration Type	Senior Management	Other MRTs
Fixed	136	144
Variable	19	0
- of which Cash	19	0
- of which Shares	0	0
Number of Staff (#)	3	3

There were no severance payments awarded to SMFs or MRTs for financial year during the financial year-ended 31 March 2022.

The Firm has no individuals who were remunerated EUR 1 million or more for financial year during the financial year-ended 31 March 2022.

Appendixes

Appendix 1 – Detailed Breakdown of Directorships Held

Name	Position	Directorships held			
		Executive		Non-Executive	
		Related to FNZ	Unrelated to FNZ	Related to FNZ	Unrelated to FNZ
John Tomlins	Chairman of the Board	N/A	Parkhill Developments Ltd	FNZ Securities Ltd	N/A
				FNZ (UK) Ltd	
				FNZ TA Services Limited	
				JHC Systems Limited	
				FNZ AMI Limited	
				FNZ Securities Pension Trustee Limited	
Edward James	Chief Executive Officer	FNZ Securities Ltd	EJ Associates Limited	FNZ (Europe) Designated Activity Company	N/A
		FNZ TA Services Limited		FNZ Securities Pension Trustee Limited	
		JHC Systems Limited		Silica Holdings (Pty) Ltd	
		FNZ AMI Limited			
		FNZ Channel Islands Limited			
		FNZ Channel Islands Nominees Limited			
Katrina Sartorius	Executive	FNZ Securities Ltd	TISA Exchange Limited	FNZ Securities Pension Trustee Limited	N/A
		Rexigon Nominees Limited	The Investing and Saving Alliance		
			TISA Universal Reporting Network Limited		
Jonathan Sokhanvari	Executive	FNZ Securities Ltd	Lime Park Consulting Limited	N/A	N/A
		Rexigon Nominees Limited	JVA Holdings LLP		

Appendix 2 – Own Funds Breakdown

Composition of regulatory own funds			
	Item	Amount (GBP 000's)	Source of the balance sheet in the audited financial statements
1	<u>OWN FUNDS</u>	16,637	(a)
2	<u>TIER 1 CAPITAL</u>	16,637	(a)
3	<u>COMMON EQUITY TIER 1 CAPITAL</u>	16,637	(a)
4	Fully paid up capital instruments	17,500	(b)
5	Share premium	200	(c)
6	Retained earnings	(1,063)	(d)
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
19	CET1: Other capital elements, deductions and adjustments	-	
20	<u>ADDITIONAL TIER 1 CAPITAL</u>	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	<u>TIER 2 CAPITAL</u>	-	
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

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

Item	Balance sheet as in published/audited financial statements	Cross reference to above template
	As at 31 March 2022	

Assets – Breakdown by asset classes according to the balance sheet in the audited financial statement

1	Cash at bank	8,069	
2	Debtors	10,168	
	Total Assets	18,237	

Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements

1	Creditors: amounts falling due within one year	1,506	
2	Creditors: amounts falling due after one year	94	
	Total Liabilities	1,600	

Shareholders' Equity

1	Called-up share capital	17,500	(b)
2	Share premium account	200	(c)
3	Retained earnings	(1,063)	(d)
	Total Shareholders' Equity	16,637	(a)

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

The Company's Own Funds consist solely of Common Equity Tier 1 instruments which are compliant with the requirements under Article 26 of the UK CRR. The features of the share capital issued are highlighted in the table below.

Features of Share Capital			
Issuer	Rexigon Securities Limited	FNZ Securities Ltd	FNZ Securities Ltd
Unique Identifier	Private Placement	Private Placement	Private Placement
Governing laws of the instrument	UK	UK	UK
Transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
Post-transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
Eligible at solo/(sub)-consolidated /solo & (sub)-consolidated	Solo	Solo	Solo
Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Ordinary shares	Ordinary shares
Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	£0.2m	£5m	£12.5m
Nominal amount of instrument	£0.01	£0.01	£0.01
Issue Price	£20	£0.01	£0.01
Redemption price	N/A	N/A	N/A
Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity
Original date of issuance	26 July 2016	27 September 2021	28 February 2022
Perpetual or dated	Perpetual	Perpetual	Perpetual
Original maturity date	N/A	N/A	N/A
Issuer call subject to prior supervisory approval	No	No	No
Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A

Features of Share Capital			
Fixed or floating	Floating	Floating	Floating
Coupon rate and any related index	N/A	N/A	N/A
Existence of a dividend stopper	No	No	No
Fully discretionary, partially discretionary or mandatory (in terms or timings)	Fully discretionary	Fully discretionary	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms or amount)	Fully discretionary	Fully discretionary	Fully discretionary
Existence of step up or other incentive to redeem	No	No	No
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
Write-down features	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	N/A	N/A
Non-compliant transitioned features	N/A	N/A	N/A

Appendix 3 – MIFIDPRU 8 Disclosure Document - Cross reference

Area	Requirement	Reference in the document
Overall disclosures	<p>MIFIDPRU 8.1.1 R non-SNI MIFIDPRU investment firm requirements</p> <ul style="list-style-type: none"> • 8.2 (Risk management objectives and policies), • 8.4 (Own funds) and • 8.5 (Own funds requirements) • 8.6 (Remuneration policies and practices) applies to every MIFIDPRU investment firm. • 8.7 (Investment policy) applies only to a non-SNI MIFIDPRU investment firm that does not fall within MIFIDPRU 7.1.4R(1). 	Section 2
Risk management	<p>(1) MIFIDPRU 4 (Own funds requirements); (2) MIFIDPRU 5 (Concentration risk); and (3) MIFIDPRU 6 (Liquidity).</p>	Section 5
Governance arrangements		Section 3
Own funds	<p>(1) Subject to (2), a firm must disclose the following information regarding its own funds: (a) a reconciliation of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the own funds of the firm; (b) a reconciliation of (a) with the capital in the balance sheet in the audited financial statements of the firm; and (c) a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the firm. (2) A firm that is not required to publish annual financial statements is only required to disclose the information specified at (1)(a) and (c).</p>	See appendix 2 and section 5.1
	<p>A <i>firm</i> must use the template available at <i>MIFIDPRU 8 Annex 1R</i> in order to disclose the information requested at <i>MIFIDPRU 8.4.1R</i>.</p>	See table 1
Own funds requirements	<p>A firm must disclose the following information regarding its compliance with the requirements set out in MIFIDPRU 4.3 (Own funds requirement): (1) the K-factor requirement, broken down as</p>	Section 5, section 5.1 the own funds requirement

	<p>follows:</p> <p>(a) the sum of the K-AUM requirement, the K-CMH requirement and the K-ASA requirement;</p> <p>(b) the sum of the K-COH requirement and the K-DTF requirement; and</p> <p>(c) the sum of the K-NPR requirement, the K-CMG requirement, the K-TCD requirement and the K-CON requirement; and</p> <p>(2) the fixed overheads requirement.</p>	
	<p>A <i>firm</i> must disclose its approach to assessing the adequacy of its <i>own funds</i> in accordance with the <i>overall financial adequacy rule</i> in <i>MIFIDPRU 7.4.7R</i>.</p>	<p>Section 5.2 for the overall financial adequacy rule approach</p>
Remuneration	Firm taking advantage of TP.	Section 6 clarifies this.
Investment policy	Firm taking advantage of TP.	Section 1 clarifies the firm is taking advantage of the TP provisions.

IMPORTANT INFORMATION

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