

trading.com

IFPR Disclosure

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1. Overview

1.1 Background

Trading Point of Financial Instruments UK Limited (the "Firm") is a non-SNI MIFIDPRU investment firm. The disclosures in this document are made in respect of Trading Point of Financial Instruments UK Ltd ('the Firm') which provides execution only brokerage services.

The Firm operates under the reference no. 705428 granted by the UK Financial Conduct Authority, under which is authorised to deal in investments as Principal IFPRU 730K Full-scope investment firm. The Firm is licensed to hold and control client money and to act as principal on clients' trades. The Firm is a subsidiary of Trading Point Holdings Limited, incorporated in Cyprus, which owns 100% of its shares.

The financial instruments provided by the Company are derivatives of underlying financial instruments and include:

- Rolling Spot FX
- CFD on Commodities
- CFD on Equity Indices
- CFD on Single Stocks

The Firm's single execution venue is provided by the sister company, Trading Point of Financial Instruments Ltd (TPFI Ltd).

The regulated activities that the Firm has FCA permission to provide are grouped into the following categories:

- Arranging deals in investments
- Dealing in investments as agent (limitations)
- Dealing in investments as principal
- Making arrangements with a view to transactions in investments
- Regulated activities offered in Gibraltar

According to the investment services and/or activities provided by the Firm, its permanent minimum capital requirement is £750,000.

1.2 Purpose and disclosure period

The document sets out the Disclosure requirements in accordance with the Financial Conduct Authority ('FCA') MIFIDPRU 8 standards.

The quantitative disclosures are made as at 31 December 2022 (the "Reference Date").

1.3 Frequency and scope of disclosures

In accordance with MIFIDPRU 8.1.7, disclosures must be performed on an individual basis, because the Firm is not exempt under the MIFIDPRU 2.3.1R rules.

The disclosure document for Trading Point of Financial Instruments UK Limited is prepared on solo entity basis and will be published on at least an annual basis on the Firm's website www.trading.com/uk on or prior to the date it publishes its annual financial statements.

In complying with the rules of MIFIDPRU 8, the Firm provides a level of detail in its qualitative disclosures that is appropriate to its size and internal organisation, and to the nature, scope, and complexity of its activities while taking into consideration data protection issues.

The disclosures have been approved by the governing body of the Firm.

2. Risk management's objectives and policies

This section describes the risk management framework which allows the Firm's management to identify key internal and external risks and manage them through a comprehensive control framework.

2.1 Principal Risks

The Firm defines principal risk categories for mapping risk events. These risk categories align with regulatory requirements and with the Firm's risk profile and activities, and consist of the following:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk
- Regulatory Risk
- Litigation Risk
- Reputational Risk
- Concentration Risk

The Firm's risk categories are further broken down into sub-categories of risks that are precise, specific and mutually exclusive. These sub-categories are used for identifying and assessing existing and new risk exposures as part of the day-to-day risk management process and are documented in the Firm's risk register. The aggregation of risk exposures into the above categories and their subsequent assessment creates the risk profile of the Firm.

2.2 Risk Management Framework and Governance

The Firm implements and maintains risk management policies and procedures which identify and manage the risks relating to its activities, processes and systems, and where appropriate, set the level of risk tolerated. The Firm has adopted arrangements, processes and systems, in light of that level of risk tolerance, where applicable.

The Firm's Board of Directors have the overall responsibility for the establishment and oversight of the risk management framework. Furthermore, the Firm has established a Risk Management Function which is operated by the CEO and is assigned the monitoring of the following:

- The adequacy and effectiveness of the Firm's risk management policies and procedures;
- The level of compliance by the Firm and its relevant persons with the arrangements, processes and mechanisms adopted;
- The adequacy and effectiveness of measures taken to address any deficiencies in those policies, procedures, arrangements, processes and mechanisms, including failures by the relevant persons of the Firm to comply with such arrangements, processes and mechanisms or follow such policies and procedures.

Risk Appetite

The "risk appetite" of the Firm is defined as the level of risk exposure or the level of potential adverse impact of an event that the Firm is prepared to take or maintain in a given period. The risk appetite is the size and types of risk that the Firm is willing and able to take to achieve its mission, vision and business goals. Therefore, managing risk effectively in an adverse, complex and continuously changing risk environment requires a strong risk management culture.

To this end, the Firm has established an effective risk oversight structure and the necessary internal organisational controls to ensure that the Firm identifies and manages its risks adequately, establishes the appropriate policies and procedures, sets the relevant limits and complies with the relevant legislation.

The management strives to have an appropriate control environment and sufficient capital in place to mitigate the level of risk it assumes in its business. The Board expresses the Risk Appetite through several Key Risk Appetite measures which define the level of risk acceptable across a number of areas.

The Firm has established a procedure with the purpose of maintaining sufficient liquidity to manage its day to day operations in the short, medium and long term as well as sufficient buffer of liquid assets, mostly in cash, for covering sudden liquidity demands that may arise.

The CFO monitors liquidity needs on a continuous basis, ensuring that adequate reserves exist to meet expected liquidity and funding obligations, as well as unexpected cash flow needs, without adversely affecting either daily operations or the financial condition of the Firm.

The Firm has also established strong reporting and monitoring procedures for the risk to client, risk to market, risk to firm in line with MIFIDPRU rules. The k-factor requirements applicable are included under the section 5.1.

In addition, the Firm has considered the risk that arises from concentration on exposures of the same counterparty, issuer, country, industry, or sector. Based on the business model, the Firm uses a single execution venue for transmitting clients' orders, which gives rise to concentration risk. All activities that may give rise to concentration risk have been considered and controls and procedures are in place to mitigate it.

3. Governance

3.1 Management Accountability

The Firm is organised into different departments designed to address the business, legal, regulatory and compliance requirements of the business. The Firm is subsidiary of Trading Point Group.

The Firm's Board and senior management believes that this existing departmental structure overseen by the Group and Firm's Boards ensures effective and prudent management of the Firm, including the segregation of duties in the Firm and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients.

The Board takes overall responsibility for the Firm and:

- Approves and oversees implementation of the Firm's strategic objectives, risk strategy and internal governance;
- Ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory system.
- Oversees the process of disclosure and communications;
- Has responsibility for providing effective oversight of senior management;
- Monitors and periodically assesses:
 - The adequacy and the implementation of the Firm's strategic objectives in the provision of investment services and / or activities and ancillary services;
 - The effectiveness of the Firm's governance arrangements; and
 - The adequacy of the policies relating to the provision of services to clients, and takes appropriate steps to address any deficiencies; and
- Has adequate access to information and documents which are needed to oversee and monitor management decision making.

There is a Board of Directors Manual and Terms of Reference in place that sets the corporate governance arrangements. It provides information on the structures, responsibilities and processes established that ensure proper and effective management and oversight of the Company's affairs.

The Board holds at least quarterly meetings to discuss all the updates in the market and the operational aspects of the Firm in order to provide effective oversight. No other person is present at these meetings unless formally invited to attend for a specific item(s) on the agenda.

The Compliance Committee supports the Board in its consideration of the business activities that expose the business to material risks with explicit and dedicated focus on current and forward-looking aspects of risk exposure. The Committee is appointed by the Board from which it receives its authority. The Committee shall consist of Senior Management members of the Firm plus any guests from the affiliate entity. The quorum shall be three members. Only members of the Committee have a right of attendance and voting rights at Committee meetings. Meetings are held on a monthly basis and as otherwise required to enable the Committee to fulfil its obligations to the Firm.

The Firm ensures that the members of the management body of the firm meet the requirements of SYSC 4.3A.3R. The Firm is subject to the Senior Managers Regime ('SMR') and all members of the management body hold SMF status. The Firm has undertaken the necessary fitness and propriety test associated with the SMR (alongside additional referencing processes) to ensure each member:

- Is of sufficiently good repute;
- Possesses sufficient knowledge, skills and experience to perform their duties;
- Possesses adequate collective knowledge, skills and experience to understand the firm's activities, including the main risks;
- Reflects an adequately broad range of experiences;
- Commits sufficient time to perform their functions in the Firm; and
- Acts with honesty, integrity, and independence of mind to effectively assess and challenge the decisions of senior management where necessary and to effectively oversee and monitor management decision-making.

Board of Directors

The size and composition of the Board is directly linked to the Firm's size and complexity together with its nature and scope of activities at the given point of time. The Board has overall responsibility for the Firm's affairs. Specifically, in relation to risk management, the Board is responsible for agreeing that the risk management framework is fit for purpose, setting the Firm's appetite for risk and understanding and appropriately monitoring risk exposures to ensure compliance with limits and tolerance.

Whilst the disclosure reflects the Firm's position as at 31 December 2022, in July 2023 there was a change to the role of SMF1 between the existing Board members, which will be fully reflected in next year's disclosures. The Directors of Trading Point of Financial Instruments UK Ltd who were in office during the financial year and up to 31 December 2022 were all FCA approved Senior Managers:

Name	Position	SM role
Andreas Loizides	Chief Executive Officer	SMF1 Chief Executive (until 27 th of July 2023) SMF3 Executive Director
Marios Papapostolou	Chief Financial Officer	SMF3 Executive Director SMF1 Chief Executive (since 28 th of July 2023)
Bilal Waheed	Chief Compliance Officer	SMF3 Executive Director SMF16 Compliance Oversight SMF17 Money Laundering Reporting Officer
Rishi Zaveri	Non-Executive Director	SMF9 Chair of the Governing Body

3.2 Number of Directorships

The number of Executive and non-Executive directorships held by the Directors at the year ended 31 December 2022 were as follows:

Director	Number of Executive Directorships	Number of non-Executive Directorships
Andreas Loizides	1	0
Marios Papapostolou	2	0
Bilal Waheed	1	0
Rishi Zaveri	2	1

It should be noted that the following are not within the scope for this analysis:

- Executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and
- Executive and non-executive directorships held within the same group or within an undertaking (including a nonfinancial sector entity) in which the firm holds a qualifying holding.

3.3 Summary of Diversity Policy

The Firm is committed to promoting equal opportunities in employment. It applies to all aspects of employment with us, including recruitment, pay and conditions, training, appraisals, promotion, conduct at work, disciplinary and grievance procedures, and termination of employment.

The Firm recognizes the benefits and necessity of an adequately diverse Board of Directors which includes and utilizes all the differences in certain characteristics and skills of the Directors. The Policy aims to promote a balanced working environment where the educational and professional background, skills, experience, qualities, professionalism and other backgrounds, such as the temperament and perspective of the Directors, irrespective of gender, age, race, ethnicity and other discriminating criteria, enable each of them to contribute individually.

New appointments are made on merit, taking account of the specific skills and experience, independence and knowledge needed to ensure a rounded Board and the diversity benefits each candidate can bring to the overall Board composition.

3.4 Committees

The Firm is not required to establish a Risk Committee, Nomination Committee or Remuneration Committee under MIFIDPRU 7 as a non-SNI firm, as its on-balance sheet assets and off-balance sheet items over the preceding 4-year period is a rolling average of less than £100 million.

4. Own Funds

4.1 Own Funds

The Firm only holds Common Equity Tier 1 Capital which is comprised of share capital and retained earnings. In accordance with MIFIDPRU 8.4 the Firm is required to provide information regarding its Own Funds instruments in addition to how these reconcile to the balance sheet. The composition of own funds is illustrated in more detail in Table 1 below, with Table 2 demonstrating how this aligns to the Balance Sheet in the Financial Statements of the Firm as at 31 December 2022.

The Firm does not have Additional Tier 1 or Tier 2 Capital.

Table 1: Composition of Regulatory Own Funds

No.	Item	Amount (£000)	Source based on reference number/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	1,372	Statement of changes in equity
2	TIER 1 CAPITAL	1,372	Statement of changes in equity
3	COMMON EQUITY TIER 1 CAPITAL	1,372	Statement of changes in equity
4	Fully paid up capital instruments	1,500	i
5	Share premium	-	
6	Retained earnings	(128)	ii
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	-	
12	CET1: Other capital elements, deductions and adjustments	-	
13	ADDITIONAL TIER 1 CAPITAL	-	
14	Fully paid up, directly issued capital instruments	-	
15	Share premium	-	
16	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	

17	Additional Tier 1: Other capital elements, deductions and adjustments	-	
18	TIER 2 CAPITAL	-	
19	Fully paid up, directly issued capital instruments	-	
20	Share premium	-	
21	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
22	Tier 2: Other capital elements, deductions and adjustments	-	

Table 2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements	Amount (£000)	Source based on reference number/letters of the balance sheet in the audited financial statements
	Non-current assets		
1	Property, plant and equipment	13	Note 11 – Statement of financial position
	Current assets		
2	Trade and other receivables	98	Note 12 – Statement of financial position
3	Cash and cash equivalents	1,478	Note 13 – Statement of financial position
	Total Assets	1,589	N/A
	Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements	Amount (£000)	Source based on reference number/letters of the balance sheet in the audited financial statements
	Current liabilities		
1	Trade and other payables	217	Note 15 – Statement of financial position
2	Current tax liabilities	-	N/A
	Total Liabilities	217	Note 15 – Statement of financial position
	Shareholders' Equity		
1	Share capital	1,500	i
2	Retained earnings	(128)	ii
	Total equity	1,372	N/A
Main Features of Own Instruments Issued by the Firm			
Ordinary Shares of £1 each : Fully paid in cash			

5. Own Funds Requirement Disclosure

5.1 Own Funds Requirements

In accordance with MIFIDPRU 4.3.2 the Firm is required to hold own funds in excess of the greater of the K-Factors, Fixed Overhead Requirement ('FOR') or its Permanent Minimum Capital Requirement ('PMR'). In accordance with MIFIDPRU 8.5 a firm must disclose its K-factor requirements and FOR as detailed in Table 3 below:

Table 3: Own Funds Requirements

Requirement as at 31 December 2022	Total (£000)
Sum of K-AUM + K-CMH + K-ASA	4
Sum of K-COH + K-DTF	2
Sum of K-NPR + K-CMG + K-TCD + K-CON	145
Fixed Overhead Requirement (FOR)	323

The Firm is subject to the following K-Factor requirements:

- Client Money Held ('K-CMH')
- Net Position Risk ('K-NPR')
- Trading Counterparty Default ('K-TCD')
- Daily Trading Flow ('K-DTF')

The fixed overhead requirement ('FOR') and liquid asset requirement follow the rules described under MIFIDPRU for non-SNI firms.

5.2 Assessing the Adequacy of Own Funds

The Firm must, at all times, hold own funds and liquid assets which are adequate to ensure it is able to remain financially viable, and if necessary, can be wound down in an orderly manner. The Board of directors identified the material risks and their impact and likelihood to materialise before and after considering the existing control environment.

During the Internal Capital Adequacy and Risk Assessment ('ICARA') process the Firm determines if additional own funds may be required to cover those risks / harms that are insufficiently covered by the K-factors and FOR and to ensure that the business can be wound down in an orderly manner.

Several stress tests have been conducted in relation to the risks to test the adequacy of own funds over a three-year period. From the stress testing scenarios performed the Own funds decline but remain at sufficient levels and above the Permanent minimum capital requirement of £750k.

The ICARA process resulted at no additional capital requirement to address firm-specific risks and the Own funds threshold requirement is set at £750k.

6. Remuneration policy and practices

Qualitative disclosures

The Firm's Board adopts and annually reviews the general principles of the Remuneration Policy and is responsible for overseeing its implementation. The Remuneration Policy adopted by the Board shall always be consistent with and promote sound and effective risk management and shall not encourage risk-taking that exceeds the level of tolerated risk of the Firm.

The approach to remuneration for all staff ("staff" interpreted according to SYSC 19G.1.24G) implemented by Trading Point of Financial Instruments UK Limited is to attract, motivate and retain employees in the long term, while ensuring an appropriate management of the Firm's conflicts of interest and conduct of business risks as well as the compliance of the Firm and its employees with relevant FCA rules and regulations that govern remuneration policies and practices.

Allocation of variable remuneration it depends on both individual and Firm's performance and takes into account quantitative and qualitative criteria as set out in this Policy and linked to the individual performance, targets and competencies as set out in the Group's Competency Framework which is linked to the Firm's Performance Enhancement System for the purposes of performance review and development of each employee. It also takes into consideration the economic, social, and competitive context.

Quantitative disclosures

As a non-SNI MIFIDPRU investment firm the Firm has disclosed below the types of staff it has identified as material risk takers under SYSC 19G.5:

Category of staff	No	Fixed Remuneration (GBP thousands)	Variable remuneration (GBP thousands)	Total (GBP thousands)
Directors	3	460	434	894
Other material risk takers	-	-	-	-
Other staff	11	579	466	1,045
Total	14	1,039	900	1,939

All fixed and variable remuneration was paid in cash.

7. Further information

Investment Policy disclosure requirement in accordance with MIFIDPRU 8.7 does not apply to the Firm, as a non-SNI MIFIDPRU investment firm that does not fall within MIFIDPRU 7.1.4R(1).