

Citadel Securities (Europe) Limited

Section 172(1) statement for the year ended 31 December 2021



Section 172(1) Statement

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As set out in section 172 of the UK Companies Act 2006 (the "Act"), the Directors are required to act in a way that they consider, in good faith, to be most likely to promote the success of the Citadel Securities (Europe) Limited ("CSEL" or the "Company") for the benefit of its members as a whole. In performing their duty under the Act, the Board of Directors is required to have regard to, amongst other matters: the likely consequences of any decision in the long term; the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and environment and the need to engage with key stakeholders in order to maintain a reputation for high standards of business conduct. The Directors give careful consideration to the factors set out above in discharging their duties.

BOARD ROLES AND RESPONSIBILITIES

The Company is a wholly owned subsidiary of the Citadel Securities Group ("CS Group") which is privately owned and ultimately controlled by Kenneth Griffin, its founder. Given its ownership structure and its role within the CS Group, the Board of Directors look to implement the CS Group strategy through the Company whilst ensuring adherence with local requirements and considering the impact on key stakeholders. The Board of Directors has responsibility for decision-making with respect to matters deemed to be of significance or strategic importance for CSEL.

As at 31 December 2021, the Board of Directors comprised two independent non-executive Directors who provide oversight and constructive challenge to management and two executive Directors. The Board, in discharging its duties, delegates authority to management. The remit and responsibility of each committee is clearly defined and updated periodically as required. The principal management committee is the Executive and Operating Committee (the "EOC"), which consists of senior management of the Company and other group employees. The Board receives regular updates from management on the Company's financial performance, risk limits, and compliance with law rule and regulation, which all are considered as part of the Board of Directors' ongoing oversight to ensure the Company is managed in a manner that promotes its long term success. Management also presents proposals on significant matters to the Board of Directors for review, challenge and approval, including but not limited to changes to the Company's risk appetite and tolerances. In considering these and other matters, the Board of Directors consistently considers whether the proposal would promote the long-term success of the Company.

STAKEHOLDER ENGAGEMENT

The Directors recognise the value of building strong and transparent relationships with stakeholders in promoting and achieving the long-term success of the business. In making decisions and performing its oversight role, the Board of Directors take into account the views and interests of key stakeholders, including its shareholder, employees, regulators, trading counterparties, trading venues and suppliers. Considering the impact on a broad range of stakeholders is an important part of the decision-making process and the Board of Directors seeks to consider the interests and priorities of each stakeholder group. However, the Board of Directors acknowledges that in balancing different perspectives it is not always possible to deliver the desired outcome for all stakeholders.

Shareholder

The Company is a wholly owned subsidiary of a privately owned group. As a matter of course, a global business and strategy update is provided to the Board, and the Directors take due account of the interests of the ultimate owner and the strategy of the wider group in decision making to ensure alignment.

The executive Directors are in frequent dialogue with the CS Group senior management to ensure their feedback is sought with respect to significant decisions taken by the Board of Directors.

Employees

The Company operates as a meritocracy and in doing so recognises the importance of hiring, developing, and retaining leading professionals across each function within the Company. Robust processes are in place to attract the best talent to work in highly effective teams. Further, a culture of continual learning and development for all employees is supported to ensure they continue to remain effective in their roles.

The Company has under 150 employees, with all significant functions represented on the EOC or other management level committees attended by the executive directors. This helps to ensure active feedback and engagement between employees and the Board. In addition, the CS Group has regular Town Hall meetings to which all employees are invited to help ensure the Citadel Securities strategy and plans are understood by the Company's employees.

Section 172(1) Statement (continued)

Employee health and wellbeing has been a primary focus for the Company throughout the COVID-19 pandemic. The Company is committed to ensuring it provides a COVID-19 secure workplace and ensuring that staff are supported and have the resources to carry out their roles effectively whilst working remotely. The Company has not claimed for employee wages through the government's Coronavirus Job Retention Scheme and has continued to hire throughout the year to support business growth, with average headcount increasing by 5% since 2020. As part of its oversight responsibilities, the Board of Directors requested and received regular updates on measures to ensure the wellbeing of employees during 2021 to ensure employee safety and compliance with government guidelines.

The Board of Directors also receives regular updates on conduct risk metrics, which provides it with relevant data and information on employee conduct, culture, and emerging issues.

Regulators and Trading Venues

The Board of Directors recognises the importance of an ongoing constructive dialogue with regulators and policymakers to share the Company's experience as a market stakeholder and recommendations on best practices across financial market legislative and regulatory developments. The CS Group is committed to the integrity, transparency, efficiency, competitiveness, and stability of financial markets. CSEL has consistently engaged with policymakers and regulators to ensure the successful implementation of key financial services regulations including the Markets in Financial Instruments Regulation and Directive ("MiFIR" and "MiFID II"), European Market Infrastructure Regulation, Short Selling Regulation, and the more recent Prudential Framework for Investment Firms. The Board of Directors has requested and received regular updates on regulatory matters of relevance for the Company and on the status of the CS Group's regulatory engagement and dialogue.

In the context of the UK's departure from the European Union ("EU") and subsequent regulatory and market developments, the CS Group has remained an advocate for pragmatic solutions to financial services issues as they relate to the future EU-UK relationship, an approach the Company has also shared in the remit of the HM Treasury's Wholesale Financial Markets Review. The CS Group is also fully devoted to initiatives to deliver the Capital Markets Union ("CMU") in the EU, including through the ongoing MiFIR review. The CS Group also remains a firm proponent of the G-20 reforms to the over-the-counter derivatives markets – including promoting central clearing, enhancing transparency, transitioning to more competitive trading, and instilling more disciplined margin requirements – that have already begun to, and once fully adopted will further, reduce systemic risk, enhance investor protection, and make these markets more efficient and accessible for all market participants.

In 2021, the CS Group has responded to several public consultations by the European Securities & Markets Authority, the European Commission, the UK Department for Business, Innovation & Skills, and HM Treasury, either independently and/or through various trade association partners.

Following periods of elevated market volatility, the Company remained watchful and in close contact with exchanges and regulators. The market infrastructure as well as the Company's operational risk management systems allowed the Company to continue to provide liquidity and trade without disruption, contributing to the orderly functioning of financial markets. The Board of Directors was kept apprised of these matters as part of its oversight role.

Trading Counterparties and Suppliers

The CS Group strives to provide the most efficient execution and the highest caliber of services to clients and in so doing making markets more fair, transparent and accessible for all participants.

The Company is committed to supporting and developing strong relationships with suppliers and understands the importance of meeting payment terms, particularly for smaller businesses. The Directors noted that the Company had met its key performance indicators in relation to payment periods.

On behalf of the Board



Steven Atkinson, Director
12 April 2022