CITADEL | Securities

Citadel Securities (Europe) Limited

MIFIDPRU 8 Disclosures

31 December 2022

1. Introduction

Firm overview

Citadel Securities (Europe) Limited ('CSEL' or the 'firm') is a full scope IFPRU investment firm regulated by the Financial Conduct Authority ('FCA'). The principal activity of the firm is technology-enabled liquidity provision and market making in equities, futures, options, interest rate swaps and government securities. The firm trades on a proprietary basis for its own account. Additionally, the firm provides agency execution, portfolio management, trading algorithm development and other support services to affiliated Citadel Securities Group entities.

CSEL is a wholly owned subsidiary of CSHC Europe LLC, a Delaware limited liability company. The firm is part of Citadel Securities, a global market maker that provides liquidity across a broad array of fixed income and equity products.

Disclosure overview

The Investment Firm Prudential Regime ('IFPR') came into effect 1st January 2022. Under IFPR, firms are required to maintain adequate financial resources to ensure there is no significant risk that liabilities cannot be met as they fall due. The requirements of IFPR are set out in the MIFIDPRU rulebook, under which:

MIFIDPRU 4 sets out the minimum capital requirements firms are required to maintain;

MIFIDRU 7 deals with the Internal Capital And Risk Assessment ('ICARA') process and the Supervisory Review and Evaluation Process through which the firm and the regulator satisfy themselves regarding the adequacy of capital relative to the risks the firm faces and controls it has in place; and

MIFIDPRU 8 aims to encourage market discipline by setting out disclosure requirements which will allow market participants to assess key pieces of information on a firm's capital resources, risk exposures and risk assessment process.

The MIFIDPRU 8 disclosures have been prepared solely to comply with regulatory requirements to provide public information on the firm's risk management objectives and policies; capital position; capital requirements; and approach to assessing the adequacy of capital. The data presented in this report refers to the CSEL regulatory position and the operating and governance structures as at 31 December 2022 and should be read in conjunction with the firm's annual report and financial statements.

Frequency and means of disclosure

In accordance with MIFIDPRU 8.1.10 and 8.1.13, the disclosures are issued at a minimum on an annual basis at the same time as the annual financial statements are published. The disclosures are reviewed and approved by the firm's senior management and Board of Directors. CSEL is not part of a Group and is regulated by the FCA on a 'solo' basis.

2. Risk management objectives and policies

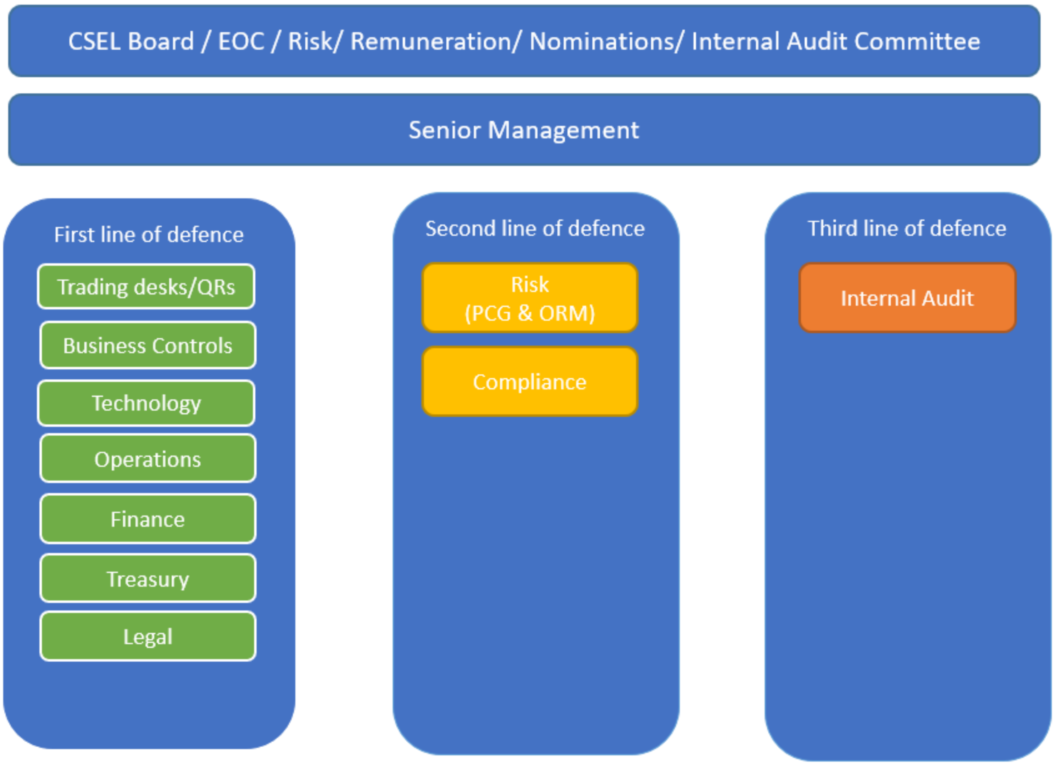
Risk management is an integral part of the business and is a focus for risk managers as well as the trading desks and support functions. At the highest level, the CSEL Board of Directors has overall responsibility for the establishment and oversight of the firm's risk management framework. The framework includes:

- identifying the principal risks faced by the firm in achieving its strategic objectives;
- establishing appropriate risk appetites and tolerances, along with limits and controls to manage the risks;
- ensuring that appropriate monitoring and reporting systems are in place such that controls remain robust and evolve with the changing risk profile of the firm; and
- providing clear accountability for risk management.

The CSEL Board has developed the firm's Risk Appetite Statement ('RAS'), which sets out the amount and type of risk that CSEL is willing to take to meet its strategic objectives. Monitoring of risks against the RAS is via the Level 1 Key Risk Indicators ('KRIs') that are presented monthly to the firm's Executive and Operating Committee ('EOC'), where any risk that breaches its amber threshold is discussed together with any required remedial action. Level 1 KRIs, along with lower level KRIs, are also monitored by the Risk Committee of the Board at each of its meetings, and threshold breaches and remedial actions are escalated for discussion at the Risk Committee. The Risk Committee meets at least quarterly. The risk appetite and risk guidelines are reviewed regularly to reflect changes in market conditions and the firm's activities.

Three lines of defence:

Risk management is set within the firm's overall risk framework, which is based upon a three-lines-of-defence model. Roles and responsibilities within the firm for the management of risk operate within this framework. The organisational structure is designed to facilitate risk management through three lines of defence as illustrated below as at 31 December 2022:



First line of defence

The first line of defence has responsibility for the identification of inherent risks and the development of first line controls, which manage and mitigate those risks. Each risk owner is responsible for owning and managing the risks and controls applicable to their areas to comply with the firm's risk appetite and policies. Within CSEL this refers to the Trading desks, Business Controls Technology, Treasury, Quantitative Research (QR), Operations, Finance and all other Enterprise functions.

Second line of defence

CSEL has independent Risk and Compliance functions that set, monitor and report on risk policy and methodology and challenge the risk management approach undertaken by the first line of defence, which includes independently assessing the robustness of the first line's risk identification and mitigation processes. Risk oversight is performed by the Portfolio Construction and Risk Group ('PCG') and Operational Risk Management ('ORM').

The Risk and Compliance functions each have direct reporting lines to the Risk Committee and the Board of Directors.

Reporting to the Risk Committee includes monitoring of performance against the RAS and reporting on risk taking and tolerances across the firm.

Third line of defence

The third line of defence is the firm's internal audit function, which provides an independent assurance of the organisation and reports to the UK Internal Audit Committee. The Internal Audit function provides an objective, independent assessment of the adequacy and effectiveness of internal controls across the business. A risk-based audit plan is established annually to agree which areas of the business will be reviewed in detail. The UK Internal Audit Committee approves the internal audit function's annual audit plan and receives regular reports on the results of audit work.

3. Governance arrangements

Members of the Board of Directors of CSEL are selected, and the appointments to management committees for CSEL are made, on the basis of merit, experience and, where applicable, actual responsibilities within the firm, taking into account judgement, character, expertise, skills and knowledge useful to the oversight of the firm's businesses.

The firm will also take into consideration the balance and interplay of knowledge, skills, diversity of viewpoints and experience of the members of the Board of Directors and management committees as a whole when looking to make appointments to build effective, collegial and functioning governance arrangements which can be responsive to the needs of the firm.

We have set out below the members of the Board of Directors of CSEL as of 31 December 2022:

	Number of directorships
D. Anthony (independent)	1
S. Atkinson	1
K. Manson	1
R. Pike (independent)	2

Board Declaration – Adequacy of Risk Management Arrangements

The Board of CSEL is satisfied that CSEL management has taken reasonable care to establish and maintain risk systems and controls as appropriate to the business. CSEL has a Risk Committee, as required under MIFIDPRU 7.3.1.

Diversity and Inclusion

CSEL is an equal opportunity employer, whose aim is to have a diverse workforce and for it to be representative of the make-up of society. All individuals are considered for employment and advancement opportunities without regard to race, creed, colour, religion or belief, political opinion, gender, sex, sexual orientation, gender re-assignment, pregnancy or maternity, marital status, civil partnership ethnic or national origin, age or disability. The same objectives apply to the Board of Directors. Whilst appointments to the Board of Directors are made on the basis of merit, experience and actual responsibilities, when considering appointments to the Board, the Board of Directors also takes into consideration the balance of its knowledge, skills, diversity and experience collectively as a whole and aims, if possible, for a gender balanced board composition. The CSEL Board of Directors currently has a gender balanced composition.

4. Risk exposure overview

The firm has built out a Risk Register to identify and assess the material risks to which the firm is exposed. This register is a list of key risks across all Principal risk categories. On an annual basis, business managers and support managers conduct a comprehensive risk identification exercise, where all identified risks in the Risk Registers are reviewed, updated or added to, as required, by an appropriate owner. Each item is assessed for its level of inherent risk, the effectiveness of the controls that are mapped to the risk, and the level of residual risk after control effectiveness is considered. If the residual risk is greater than a set threshold on the firm's Risk Severity Matrix, a KRI is required to ensure the appropriate level of monitoring of the risk. Any breaches against agreed risk tolerances are escalated through the governance process.

The register is updated to consider new risks that CSEL may be exposed to and should be evaluated for completeness when there is a change to the firm's activities through the Material Business Change (the 'MBC') process.

A high-level summary of CSEL's Risk taxonomy is provided below.

Market risk

Market risk is the risk of loss in the value of financial instruments due to changes in market prices. Market risk is directly impacted by the volatility and liquidity in the markets in which the related underlying financial instruments are traded. Categories of market risk include equity position risk, commodity position risk, foreign exchange risk, interest rate risk and model risk.

- Equity position risk is the risk of loss due to changes in prices and implied volatilities of individual equities, baskets of equities and equity indices.

- Interest rate risk is the risk of loss due to changes in the level, slope and curvature of yield curves.

- Foreign exchange risk is the risk of loss due to the fluctuation in exchange rates compared against the base currency of the entity.

- Model risk is the risk that occurs when a financial model is used to measure quantitative information, such as a firm's Market risks or value transactions, and the model fails or performs inadequately and leads to adverse outcomes for the firm.

- Commodity position risk is the risk of loss due to changes in commodity prices and other key commodity risk parameters.

Risk tolerances are set for both intra-day and end of day positions and are monitored by the independent risk control function.

Credit risk

Credit risk is the risk of losses due to the failure of a counterparty to perform according to the terms of a contract. The firm is exposed to credit risk in its role as a trading counterparty to clients. The firm's credit exposure to clients is partially mitigated by the use of delivery versus payment contractual settlement. The firm is also exposed to credit risk with financial institutions that clear its securities transactions. The firm's credit exposure to financial institutions is partially mitigated by the obligation of these financial institutions to maintain minimum capital requirements and to segregate customers' funds and financial instruments from the financial institution's own holdings. In addition, the firm actively reviews and manages its exposures to various clients and financial institutions to manage these residual risks.

Liquidity and Capital Adequacy risk

Liquidity and capital adequacy risk is the risk that the firm's resources (cash or capital) will be insufficient to meet business or regulatory requirements during business as usual or under a stress event. This consists of:

(i) Financing Risk
Contractual risk of short-term Financing, which may be more expensive to roll or replace.

(ii) Margin/Contractual Risk
Risk that margin terms are unfavourable to the firm and the impact of counterparties behaving in ways that disadvantage Citadel in a stress i.e. widening haircuts, not rolling loans.

(iii) Liquidity Reserves
Risk that Liquidity reserves are insufficient during a stressed environment, either market-wide or specific stress to the firm.

(iv) Capital Adequacy Risk
The risk of insufficient capital to ensure the Firm's viability, or meet internal, regulatory, or contractual obligations, specifically the Firm's ability to maintain its capital above required thresholds.

The Treasury function, in coordination with Operations, manages CSEL's day-to-day liquidity, provides a diversified range of funding sources and secures favorable terms with its counterparties. Treasury is structured as an independent function to avoid any conflict of interest (for example, by removing any profit incentive to fund long-term assets with short-term liabilities). A fundamental aim is to achieve lockup provisions on margin terms to allow for certainty of cash flows over a given period of time.

Intraday liquidity and the firm's Liquid Asset Buffer ("LAB") are monitored on a real time basis to ensure there is sufficient cash or cash equivalent assets to meet ongoing and stressed liquidity demands of the firm.

The Capital Management team in Treasury manages capital at the Firm and legal entity levels to ensure the Firm is positioned with appropriate capital resources on an ongoing basis. The team, in partnership with Finance & Accounting and Office of the COO, coordinates the evaluation of ongoing capital actions.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and technology or from external events. Given the firm's business model, both financial and non-financial potential impacts are considered in the assessment of risks.

The firm is exposed to a range of operational risks including risks associated with the high volume of trading that is undertaken on an automated basis. These risks are regularly assessed, monitored, and managed. On a monthly basis the status of important risks is formally reported via key risk indicators to ensure they are within agreed risk tolerances. Breaches are escalated to local management and ultimately the Board of Directors to ensure the operational risk control framework remains appropriate, new risks are identified and assessed and that any necessary incremental controls are implemented.

Management of operational risks is a prime consideration for the firm in how it conducts its business as a market maker across a range of asset classes in financial markets around the world. Given the nature of the business, the firm takes a technology-centric approach to risk management, with a host of automated pre and post trade controls across the firm's trading systems, monitored by experienced finance professionals. These controls are supplemented by policies, procedures, and risk assessments as well as a robust incident management and response process with appropriate escalation.

A dedicated Operational Risk team monitors and checks the business' risk management practices, advising on developing frameworks, processes, and controls to manage and mitigate risks, while independently reviewing and escalating risk and control issues to senior management. As part of its oversight of operational risk, senior management also monitors key conduct risk metrics relating to employee conduct.

Compliance and Legal Risk

Compliance and Legal risk is defined as the risk of impairment to the firm's business model, reputation and financial condition from failure to meet laws and regulations, internal standards and policies and expectations of key stakeholders such as regulators, customers, employees and society as a whole. Legal risk is the risk of financial or reputational loss resulting from any type of legal issue. Compliance risk relates to the potential of the business violating a law or regulation. Regulatory risk is the effect of a change in laws and regulations that could potentially cause losses to the business, sector, or market. Financial crime risk is not only confined to monetary loss and regulatory fine but also loss of reputation.

Conduct risk is a sub-type of compliance and Legal risk and is broadly defined as any action of a financial institution or individual that leads to customer detriment or has an adverse effect on market stability or effective competition.

Business Risk

Business risk means any risk to the firm arising from changes in its business, including: the acute risk to earnings posed by falling or volatile income; availability of adequate capital and the broader risk to the firm's business model or strategy proving inappropriate due to macro-economic, geopolitical, environmental, industry, tax, regulatory or other factors affecting its strategic operating environment; and the risk that a firm may not be able to carry out its business plan and desired strategy due to poor management and planning.

The firm also considers concentration and ESG risks:

Concentration risk

Concentration risk is the risk arising from the strength or extent of a firm's relationships with, or direct exposure to, a single client or group of connected clients. This is typically assessed from a credit exposure perspective, which is monitored by the Treasury function. Market risk concentration risk by single name and portfolio is also monitored by the Risk team.

Environmental, Social and Governance Risk (ESG)

ESG risks are environmental, social and governance risks that could negatively impact the business strategy, financial performance or solvency of the firm. CSEL considers the following ESG risks to its business:

- Physical risks, which relate to the impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as environmental degradation such as air, water and land pollution. This can lead to events that directly impact the firm through disruption in business activity or indirectly through the disruption of its supply chains

- Transition risk, which refers to the direct or indirect impact of the process of adjustment to a lower carbon and more environmentally sustainable economy. For example, this could be triggered by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences

5. Capital resources

CSEL maintains a capital base that is appropriate to support the development of the business and ensures regulatory capital requirements are met at all times.

The firm's capital resources are entirely made up of Common Equity Tier 1 permanent capital with a deduction for deferred tax assets and a prudent valuation adjustment. CSEL has no long-term debt to deduct. There are no current or foreseen material practical or legal impediments to the prompt transfer of capital resources or repayment of liabilities.

The table below summarises the amount and type of capital resources as at 31 December 2022. A reconciliation to the balance sheet shareholder's equity is provided in Appendix 1.

	31 December 2022 USD 000
Share capital	193,000
Retained profits	38,350
Prudent valuation adjustment	(511)
Other CET1 deductions	(6,821)
Tier 1 capital	224,018
Total Capital Resources	**224,018**

6. Own funds requirement

In accordance with MIFIDPRU 4.3, the own funds requirement for CSEL is the higher of the:

(a) fixed overheads requirement

(b) permanent minimum capital requirement

(c) K-factor requirement

As at 31st December 2022, CSEL's capital requirement was USD 64.3m, detailed below:

	USD 000
Permanent Minimum Requirement	**903**
Fixed Overhead Requirement	**36,051**
Risk to Client	73
Risk to Market	45,475
Risk to Firm	18,792
Total K-Factor Requirement	**64,340**

7. Overall Financial Adequacy Rule

Per MIFIDPRU 7.4.7, the Overall Financial Adequacy Rule requires that a firm must, at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

(a) the firm 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

(b) the firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants

This is addressed through the CSEL's Internal Capital And Risk Assessment ('ICARA'). This documents the firm's internal systems and controls that identify and manage potential material harms that may arise from the operation of its business, and ensure that its operations can be wound down in an orderly manner. The ICARA forms an integral part of the firm's risk management processes and capital management strategy. It is updated at least annually and is reviewed and approved by the Board of Directors.

CSEL has conducted a comprehensive risk identification exercise by risk category across the business to ensure that all significant risks have been identified and captured by the risk management framework. All significant risks are assessed and documented along with any risk mitigants and associated controls. The resulting risk exposure level is estimated using a matrix of parameters.

Each risk is assigned an owner who is responsible for assessing that risk with respect to risk score (High/Medium/Low) and risk mitigant strength (Vulnerable/Moderate/Strong) to determine the risk exposure level (Critical/Material/Moderate/Low). Risk owners together with the Risk and Finance team assess each identified risk to determine if it is inadequately covered (or not covered at all) under the own funds requirement, and if any additional own funds requirement should be held. Where applicable, risk owners will make reference to internal and external loss data when assessing risks which also informs the additional own funds required.

The firm's ICARA includes stress testing and reverse stress testing to supplement its risk management framework and assess the capital adequacy of the business. These stress tests play an important role in providing a forward-looking assessment of risk and factoring this into capital and liquidity planning procedures.

8. Investment Policy Disclosure

CSEL does not hold any positions in any company that is admitted to trading on a regulated market that accounts for 5% or more of the total voting rights of that company.

9. Remuneration

The Board of Directors of CSEL has adopted a remuneration policy, which ensures the firm's adherence to the relevant requirements of IFPR (the 'Remuneration Policy'). This section provides an overview of CSEL's remuneration practices in accordance with its Remuneration Policy.

The Remuneration Policy reflects the Citadel Securities Group's compensation philosophy, which provides guiding principles that drive compensation-related decisions for all Citadel Securities' employees. Citadel Securities' compensation philosophy has been designed to:

(i) support achievement of Citadel Securities' strategy;

(ii) uphold Citadel Securities' values by encouraging responsible business conduct;

(iii) promote sound and effective risk management by aligning risk and reward;

(iv) avoid conflicts of interest; and

(v) achieve the above while also attracting and retaining the top performing and high potential talent necessary to deliver results to all stakeholders.

The firm operates within the global, firmwide remuneration approach which has been established by the Citadel Securities group. This takes full account of the firm's and Citadel Securities' strategic objectives while also ensuring that Citadel Securities' remuneration practices and procedures are sufficient to recruit, retain and motivate staff for the benefit of the firm and Citadel Securities as a whole.

Governance

The Board of Directors has delegated certain responsibilities related to oversight of the firm's remuneration policies and practices to a Remuneration Committee of the Board, which is chaired by a non-executive director and comprised of two non-executive directors and one executive director.

The primary and overarching objectives of the Remuneration Committee are to (i) ensure that the firm's remuneration policies and practices are appropriately implemented and aligned with its overall corporate governance framework, corporate and risk culture, risk appetite and related governance processes; (ii) satisfy itself on an ongoing basis that the firm's remuneration policies and practices achieve the aim of promoting effective risk management for the firm and thereby enabling the firm to be compliant with all applicable remuneration provisions in the IFPR, as well as the MiFID II remuneration rules; and (iii) create and maintain a system of appropriate, balanced incentives which promote a risk culture in line with the firm's risk appetite.

In accordance with its terms of reference, the Remuneration Committee meets at least twice per year and reports to the Board. The Remuneration Committee met twice in 2022.

External consultants were not used in the development of the firm's remuneration policies and practices.

Compensation Structure

CSEL's compensation structure is composed of base salary (fixed pay), role based allowances, incentive awards which determine the amount of discretionary bonus (variable remuneration) and benefits. Incentive awards can be comprised of a cash component and an unvested deferred component, in the form of awards granted under the Citadel Securities Notional Equity Program or the Citadel Securities Equity Incentive Program, both of which are additionally subject to appropriate retention period requirements. Further information is included in Appendix A to this report.

Incentive awards are awarded in respect of any calendar year during which employees are employed by the group on a discretionary basis based on:

- Firm and overall Citadel Securities performance;
- Business unit performance; and
- Individual performance including adherence to applicable policies, including the Code of Conduct, and reflects the Citadel Securities talent review processes.

Staff within control functions are remunerated according to objectives linked to their functions and are determined independently from the business unit those members of staff oversee.

The award process is designed to ensure that all relevant risks, including adherence with relevant risk limits, and consideration of operational and conduct risks, are appropriately reflected in award decisions through the determination of incentive pools, with award recommendations subject to a review process to ensure that discretionary compensation awards can be determined or adjusted as necessary.

Performance Appraisal

Citadel Securities sets annual goals for its employees. This process is administered by Human Resources, in partnership with the employee's manager and team leadership. Performance evaluations are based on the manager's view of the employees' overall performance in relation to their job responsibilities, achievement of goals, and alignment with Citadel Securities' values.

Material Risk Taker Identification

CSEL has classified certain staff members as material risk takers ('MRTs'), of which there were 11, to the extent they have a material impact on the risk profile of the firm or of the assets that the firm manages or otherwise meet the criteria set out in IFPR. Citadel Securities' Human Resources function, with input from Compliance and other control functions as necessary, is responsible for the process by which the firm identifies MRTs and notifies them of their status as such. This MRT identification process is carried out at least annually.

Staff identified as MRTs includes the management body of CSEL, staff identified as senior management or having managerial responsibility for certain functions or responsible for managing a material risk within the firm, and senior staff responsible for control functions.

Deferral

Citadel Securities' deferral approach is applicable to all staff, including MRTs and is determined to ensure an appropriate alignment of the interests of MRTs to that of the firm and the Citadel Securities group, to align with the time horizon for the risk profile of the business and to ensure compliance with the regulatory requirements as follows:

- A portion of the variable remuneration awards above a specified total compensation threshold is deferred.
- The percentage of variable remuneration being deferred is higher for more highly compensated staff. For MRTs, the minimum percentage of deferral is set to comply with both the terms of the Citadel Securities Notional Equity Program, the Citadel Securities Equity Incentive Program and IFPR and ranges from 40% to 60%.
- Deferred awards vest over a multi-year period of at least three years, thus aligning individual compensation with long-term considerations.

Citadel Securities operates a policy pursuant to which deferred amounts will be automatically forfeited in the event of termination for cause.

Malus and Clawback

Malus and clawback may be applied at the CSEL's discretion to any variable remuneration paid to an MRT in a number of circumstances related to the relevant MRT's conduct and its impact on the firm. These circumstances could, at the firm's discretion, include cases where the MRT participated in conduct that resulted in significant losses or failed to meet appropriate standards of fitness and propriety. If applied, malus could result in the reduction or cancellation of unvested components of deferred remuneration, and clawback could lead to an obligation to reimburse elements of compensation received.

Guaranteed Variable Remuneration

Guaranteed bonuses are not awarded, paid or provided to MRT's unless exceptional and in the context of hiring new staff and limited to the first year of service and only where the firm has a sound and strong capital base. Guaranteed bonuses awarded to an MRT are subject to the provisions on payment in instruments, deferral and malus and clawback applicable generally to MRTs of the firm.

Severance Pay
All payments made on termination of employment align with local legal and regulatory requirements, reflect performance achieved over time and are designed in a manner that does not reward failure or misconduct.

Appendix 1 – MIFIDPRU 8 Annex 1R

Composition of regulatory own funds				
		Amount (GBP thousands)	**Amounts (USD thousands)**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**
1	**OWN FUNDS**	186,078	224,018	
2	**TIER 1 CAPITAL**	186,078	224,018	
3	**COMMON EQUITY TIER 1 CAPITAL**	186,078	224,018	
4	Fully paid up capital instruments	160,312	193,000	CET1 share capital
5	Share premium			
6	Retained earnings	31,855	38,350	CET1 retained earnings
7	Accumulated other comprehensive income			
8	Other reserves			
9	Adjustments to CET1 due to prudential filters	(423)	(511)	
10	Other funds			
19	CET1: Other capital elements, deductions and adjustments	(5,665)	(6,821)	CET1 deduction
20	**ADDITIONAL TIER 1 CAPITAL**	-	-	-
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	**TIER 2 CAPITAL**	-	-	-
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			

Main features of CET1 instruments issued by the firm:

Issuer	Citadel Securities Europe Limited
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
Public or private placement	Private
Governing law(s) of the instrument	United Kingdom
Instrument type (types to be specified by each jurisdiction)	Ordinary shares
Amount recognised in regulatory capital (GBP 000s)	160,312
Nominal amount of instrument	193,000
Issue price	$1
Redemption price	N/A
Accounting classification	Shareholders' equity
Original date of issuance	February 2017
Perpetual or dated	Perpetual
Original maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Fixed or floating dividend/coupon	N/A
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Convertible or non-convertible	N/A
Write-down features	N/A
Non-compliant transitioned features	N/A

		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to template OF1
		As at period end	As at period end	
Assets - *Breakdown by asset classes according to the balance sheet in the published/audited financial statements*				
1	Cash and cash equivalents	48,595		
2	Financial assets at fair value through profit or loss	267,620		
3	Due from brokers and dealers	176,869		
4	Securities purchased under agreements to resell	78,867		
5	Due from affiliates	136,451		
6	Other receivables and prepayments	12,376		
7	Deferred tax asset	6,821		CET1 deduction
8	Securities borrowed	105,476		
	Total Assets	**833,075**		
Liabilities - *Breakdown by liability classes according to the balance sheet in the published/audited financial statements*				
1	Financial liabilities at fair value through profit or loss	284,510		
2	Due to brokers and dealers	147,565		
3	Due to affiliates	13,005		
4	Accrued expenses	102,984		
	Total Liabilities	**548,064**		
Shareholders' Equity				
1	Called Up Share Capital	193,000		CET1 share capital
2	Retained Earnings	92,011		CET1 retained earnings
	Total Shareholders' equity	**285,011**		