Basis Capital Markets UK Ltd
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MIFIDPRU DISCLOSURES FOR A NON-SNI FIRM

Year Ended December 31, 2022

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Introduction

Regulatory Context

Under MIFIDPRU 8, the regulatory aim of the disclosures is to enable stakeholders and market participants an insight into how the Firm is run. They also aim to help stakeholders make more informed decisions about their relationship with the Firm.

Frequency

The Firm will be making these MIFIDPRU disclosures at least annually. The disclosures will be as at the Accounting Reference Date ("ARD") and published on the date the Firm publishes its annual financial statements. In particular circumstances (e.g., a significant change to the Firm's business model or merger), the Firm will make more frequent public disclosures.

Proportionality

The level of detail provided in the qualitative disclosures is proportionate to the firm's size and internal organization and proportional to the nature, scope, and complexity of the Firm's business activities.

Media and Location

The disclosure will be published on the Firm's website and free to obtain.

Changes to Information Disclosed

The Firm confirms no significant changes to the information disclosed compared with the previous disclosure periods.

Verification

The information in this document has not been audited by the Firm's external auditors. Accordingly, this is not a requirement, does not constitute any form of financial statement, and must not be relied upon in making any judgement on the Firm.

Background to the Firm

Background

The Firm is incorporated in the UK and is authorised and regulated by the FCA as a Non-SNI MIFIDPRU Investment Firm. The Firm is a technology-driven financial services firm that provides institutions and direct clients with a full suite of financial solutions. The Firm builds long-term partnerships with clients and provides trading and risk management services that help them gain full, fair, and transparent access to global financial markets. The Firm's greatest risks have been identified as business and operational risks. The Firm has assessed business and operational risks in its ICARA Process and set out appropriate actions to manage them.

Disclosures

The Firm makes these Disclosures on a solo basis as required by MIFIDPRU 8.1.7R.

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MIFIDPRU 8.2 Risk Management Objectives and Policies

Risk Management Objective

The Firm has a risk management objective to develop systems and controls to mitigate risk within its risk appetite. The Risk Management Policy sets out these systems and controls.

Governance Framework

The Governing Body of the Firm has the daily management and oversight responsibility in relation to risk management. It meets regularly and is composed of:

- Nicholas Hammer
- Gordon Wallace
- Dean Bevens
- Anders Henrikson

The Governing Body is responsible for the entire risk management process and for forming its own opinion on the effectiveness of the process. In addition, the Governing Body decides the Firm's risk appetite or tolerance for risk. It ensures that the Firm has implemented an effective, ongoing process to identify risks, measure their potential impact, and ensure that such risks are actively managed. Senior Management is accountable to the Governing Body for designing, implementing, and monitoring the risk management process and implementing it into the Firm's day-to-day business activities.

The Governing Body reviews the risk management arrangements at least annually to ensure they remain appropriate and effective. In addition, a review of the risk management systems and controls will be undertaken at least annually by the Compliance Officer.

Specific Risk Management Objectives

In accordance with MIFIDPRU 8.2.1.R, the Firm considers the risks/harms associated with:

a) **Own Funds Requirements**: The Firm does not have any current own funds risks outside its risk appetite. As set out below, the Firm has sufficient own funds to meet its own funds requirements, and this position is reviewed monthly.

b) **Concentration Risk:** The Firm does not have any current concentration risks outside its risk appetite.

c) **Liquidity**: The Firm does not have any current liquidity risks outside its risk appetite. The Firm monitors liquidity daily, and reports are provided to the Governing Body, covering overall liquidity and the Firm's ability to meet the Basic Liquid Assets Requirement and the Liquid Assets Threshold Requirement.

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MIFIDPRU 8.3 Governance Arrangements

Oversight and Accountability for Governance Arrangements

The Governing Body of the Firm is responsible for the oversight of the governance arrangements to ensure that the Firm is managed effectively and prudently. The responsibilities include oversight of the strategic objectives, risk strategy, internal governance, the integrity of the Firm's accounting and financial reporting systems, disclosure and communication process, and senior management oversight. In addition, the Governing Body will monitor and assess (at least annually) the adequacy of these arrangements and ensure that it has full access to information and documents to enable it to monitor and oversee the Firm. Full details of the responsibilities and accountability of the Governing Body are set out in the Board's Terms of Reference.

The Governing Body has allocated responsibilities to relevant individuals, which is documented in both the individual's job description and the Firm's Statements of Responsibilities and Certification Staff Register. As part of the allocation of responsibilities, the Firm ensures that there is appropriate segregation of duties to avoid any conflicts of interest and promote the integrity of the market and the interests of the Firm's clients.

Annually, the Firm reviews the skills and attributes of the Governing Body to ensure that all individuals are of sufficiently good repute, act with honesty, integrity, and independence, provide sufficient challenge, and possess the knowledge, skills, and experience to perform their duties. The Firm will also consider whether there is an adequately broad range of experience and whether individuals have sufficient time to perform their functions as part of the Governing Body.

Directorships

As at the date of this report, the number of directorships held by the Governing Body members (both executive and non-executive) is set out below.

Name	Executive or Non-Executive	Number of Directorships
Nicholas Hammer	Executive	1
Gordon Wallace	Executive	1
Dean Bevens	Executive	2
Anders Henrikson	Executive	1

The information above does not include directorships held in organisations that do not pursue predominantly commercial objectives, those held within the same group, or within an entity in which the Firm has a qualifying holding.

The Firm is not a significant SYSC Firm and, therefore, does not need to comply with SYSC 4.3A.6R in relation to the number of directorships a member of the management body is permitted to hold.

Policy on Diversity on the Governing Body

The Firm's policy on diversity on the Governing Body is set out in the Board's Terms of Reference. The main objectives are:

1) To aim for at least one female Board member and strive to reach 50% male and female representation on the Board.
2) For 25% of senior roles to be held by Black, Asian, and Minority Ethnic executives by 2027.

The Firm has not met these objectives and targets during the period covered by this report and has set out below what has not been achieved:

Target Not Achieved	Reasons for Shortfall	Firm's Proposed Actions to Address the Shortfall	Timeline for Actions
1	Size of Firm	Succession plan and recruitment	2025
2	Size of Firm	Succession plan and recruitment	2027

Risk Committee: The Firm does not have a Risk Committee. MIFIDPRU 7.1.4R does not require the Firm to establish a Risk Committee.

MIFIDPRU 8.4 Own Funds

The Firm is a Non-SNI MIFIDPRU Investment Firm.

The Firm's own funds calculated as at the accounting reference date, December 31, 2022:

Composition of regulatory Own Funds			
	Item	Amount (£k)	[1]
1	OWN FUNDS	227	
2	TIER 1 CAPITAL	227	
3	COMMON EQUITY TIER 1 CAPITAL	227	
4	Fully paid up capital instruments	4	
5	Share premium	633	
6	Retained earnings	(409)	
7	Accumulated other comprehensive income	0	
8	Other reserves	0	
9	Adjustments to CET1 due to prudential filters	0	
10	Other funds	0	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	0	
19	CET1: Other capital elements, deductions, and adjustments	0	
20	ADDITIONAL TIER 1 CAPITAL	0	
21	Fully paid up, directly issued capital instruments	0	
22	Share premium	0	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	
24	Additional Tier 1: Other capital elements, deductions, and adjustments	0	
25	TIER 2 CAPITAL	0	
26	Fully paid up, directly issued capital instruments	0	
27	Share premium	0	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	0	

[1] Source based on reference numbers/letters of the balance sheet in the audited financial statements.

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29	Tier 2: Other capital elements, deductions, and adjustments	0	

Own Funds: Reconciliation of regulatory own funds to the balance sheet in the audited financial statements.				
Figures in GBP thousands (£k) unless noted otherwise.				
		a	b	c
		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 audited financial statements				
1	Tangible Assets	0		
2	Stocks	0		
3	Debtors	946		
4	Cash at bank and in hand	1,109		
5	**Total Assets**	**2,055**		
Liabilities: Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: amounts falling due within one year	1,825		
2	Creditors: amounts falling due after more than one year	3		
3	**Total Liabilities**	**1,828**		
Shareholders' Equity				
1	Called up Share Capital	4		
2	Share Premium Account	633		
3	Profit & Loss Reserves	(409)		
4	**Total Equity**	**227**		

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

MIFIDPRU 8.5 Own Funds Requirement

The Own Funds Requirements of the Firm as of the reference date December 31, 2022, are:

K-Factor Requirements	Amount (£k)
K-AUM	0
K-CMH	0
K-ASA	0
Sum of K-AUM, CMH, and K-ASA	**0**
K-COH	0
K-DTF	1
Sum of K-COH and K-DTF	**1**
K-NPR	0
K-CMG	0
K-TCD	30
K-CON	34
Sum of K-NPR, K-CMG, K-TCD, and K-CON	**64**
Fixed Overheads Requirement	**135**

The Own Funds (as set out above) is 227; therefore, the Firm meets the above Own Funds Requirements.

Overall Financial Adequacy Rule

The overall financial adequacy rule requires the Firm to, at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

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

To ensure compliance with the overall financial adequacy rule, the Firm regularly assesses the level of own funds to ensure that it holds at least the higher of:

- The amount of own funds that the Firm requires at any given point in time to fund its ongoing business operations, considering potential periods of financial stress during the economic cycle; and
- The amount of own funds that the Firm would need to hold to ensure that it can be wound down in an orderly manner.

The Own Funds Threshold Requirement is the amount of own funds the Firm needs to hold at any given time to comply with the overall financial adequacy rule. As at the date of these disclosures, the Firm meets the overall financial adequacy rule as set out below:

Own Funds	Amount (£k)
Own Funds (as per the above)	227
Own Funds Requirements	Amount (£k)
Permanent Minimum Capital Requirement	50
Total K-Factor Requirement	65
Fixed Overheads Requirement	135
Own Funds Requirement (OFR)	**135**
Own Funds Threshold Requirement (OFTR) – higher of:	
Own Funds for Ongoing Business Operations (as determined in ICARA)	140
Own Funds required for Wind Down (as set out in the Wind-Down plan)	120
Own Funds Threshold Requirement (OFTR)	**140**

MIFIDPRU 8.6 Remuneration

Qualitative Disclosures

The Firm has a Remuneration Policy that applies to all employees and contractors. Where an employee or contractor has been identified as a "material risk taker" (or MRT), additional considerations may apply under the Remuneration Policy, approved by the Governing Body at least annually. The Firm does not believe it is proportionate to have a Remuneration Committee. Basis' approach to remuneration for all staff includes:

Overall Principles**:** Basis considers the performance of the individual, their business unit, and the Firm itself. Therefore, any payment of variable remuneration mustn't affect the Firm's financial soundness. When assessing performance, the Firm considers long-term performance and ensures that the payment of variable remuneration reflects that timescale and considers the Firm's business risks during that time.

Components of Compensation: Basis' remuneration includes fixed pay and performance-related pay. Performance-related pay reflects the Firm's financial performance and individual performance. Additional factors considered include the individual's level of seniority and experience, whether the individual performs a control function, whether the individual is an MRT, and market data for similar roles. The Firm ensures that the fixed and variable components of the total remuneration are appropriately balanced and the fixed element represents a sufficiently high proportion of the total compensation. The approach allows complete flexibility concerning variable remuneration, including the ability to pay no variable remuneration

Financial and Non-Financial Performance Criteria**:** The Firm also considers non-financial metrics when assessing performance in this context. Conduct is the most critical metric within non-financial considerations. Other non-financial metrics the Firm may include:

- the building and maintenance of positive client relationships and outcomes;
- alignment with the Firm's strategy or values, for example, by displaying leadership, teamwork, or creativity;
- adhering to our Compliance Policies & Procedures; and

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- meeting other non-financial targets relating to environmental, social, and governance factors and diversity and inclusion.

Risk Adjustment: The Firm considers current and future risks, including the cost of capital and the Firm's liquidity, when determining the pool of variable remuneration and making appropriate adjustments as needed. This may include adjustments at the business unit level or individual level. In addition, Basis will consider financial and non-financial risks such as the risk to its values, strategy, reputation, poor conduct, or poor customer outcomes. If the Firm does perform poorly on a financial level, it will significantly reduce our total variable remuneration available, including considering claw back arrangements on bonuses awarded.

Performance Adjustment: All variable remuneration is subject to in-year adjustments or claw back arrangements. These will specifically apply where an MTR was involved in or was responsible for conduct that meant the Firm suffered financially or where the MTR failed to meet the standards of fitness and propriety expected of them. The Firm's minimum claw back period is three years. The Firm will set different claw back periods and criteria for different MTRs based on their role at the Firm, the risks impacted by that role, and the time frame over which the risks could materialize.

Guaranteed Variable Compensation: There are a limited number of occasions where the Firm may guarantee variable remuneration, which are all subject to clawback:

- Sign-on Bonuses: The Firm can only pay guaranteed variable remuneration to MTR in the year they join the Firm as a sign-on bonus. Basis must have a solid capital base to do so. The Firm must only make these payments on rare occasions, such as when a new joiner has lost their bonus by leaving their previous employment.

- Retention Bonuses: These can only occur at a specific time or after a defined event. This could, for example, be after a restructuring or specific project.

- Severance Payments: Basis ensures that payments to MTRs relating to the early termination of an employment contract reflect their performance over time and do not reward failure or misconduct. The Firm's policy for making severance payments is subject to contract, as is the maximum amount Basis will pay.

- Buy-Out Awards: Basis may offer remuneration packages buying out an MTR's previous employment contract, but only if aligned with the Firm's long-term interests. There must also be provisions on retention periods, deferral, vesting, and risk adjustments corresponding to outstanding, unvested variable remuneration under their previous employment contract.

Material Risk Takers: The Firm has determined that the following types of staff are Material Risk Takers: Members of the management body.

Quantitative Disclosures

The Firm has aggregated the quantitative information on remuneration for senior management and material risk takers because splitting the information out would lead to disclosing information about one or two people. The table below represents quantitative data for the MRTs employed by Basis during 2022. In accordance with MIFIDPRU 8.6.8R, the Firm confirms the following:

Element of Compensation	Firm Total (£k)	Variable	
		Vested	Unvested
Total Remuneration	240	-	-
Fixed Remuneration	240	-	-
Variable Remuneration	0	0	0
Total Number of MRTs	2	-	-

The Firm has not paid any guaranteed variable remuneration or severance payments during the period of this report.

MIFIDPRU 8.7 Investment Policy

The Firm meets the conditions in MIFIDPRU 7.1.4R and, therefore, does not need to make any disclosures in relation to its Investment Policy.

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