

**Ebury** What borders?

Ebury Partners Markets Limited

# **IFPR: MIFIDPRU annual disclosures**

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For the year ended 30 April 2022

FCA register number (FRN): 784063

Company registration number(CRN): 10841975



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## Glossary

The following terms are used throughout these Disclosures

- CET1:** Common Equity Tier 1
- EPL:** Ebury Partners Limited
- EPM:** Ebury Partners Markets Limited
- FCA:** Financial Conduct Authority
- FOR:** Fixed Overhead Requirement
- ICARA:** Internal Capital Adequacy and Risk Assessment
- IFPR:** Investment Firms Prudential Regime
- KFRs:** K Factors
- LATR:** Liquid Assets Threshold Requirement
- MiFID:** Markets in Financial Instruments Directive
- OFAR:** Overall Financial Adequacy Rule
- OFR:** Own Funds Requirement
- OFTR:** Own Funds Threshold Requirement
- PMCR:** Permanent Minimum Capital Requirement
- RMO:** Risk Management Office
- SMEs:** Small and Medium-sized Enterprises
- SNI:** Small and Non-Interconnected Investment firms



# 1. Purpose and Background

## 1.1 Purpose

This document sets out Ebury Partners Markets Limited (“EPM” or “the Firm”) public disclosures in relation to Governance Arrangements, Own Funds and Own Funds Requirements as required under MIFIDPRU as at 30 April 2022.

## 1.2 Background

The Investment Firms Prudential Regime (“IFPR”) is the Financial Conduct Authority’s (“FCA”) new prudential regime for MiFID investment firms which aims to streamline and simplify the prudential requirements for UK investment firms. IFPR came into force on 1 January 2022, and its provisions apply to EPM as an FCA-authorised and regulated MIFIDPRU firm (FRN: 784063).

EPM, a company incorporated in England & Wales (CRN: 10841975), is a wholly-owned subsidiary of Ebury Partners Limited (“EPL”, “the Parent”). EPL is a financial services holding company incorporated in England & Wales (CRN: 07086058). From 28 April 2022, following the purchase of shares issued by EPL by its majority shareholder, the Directors consider Banco Santander S.A. to be the ultimate controlling party of EPL, and is the ultimate parent of EPM.

EPM provides its clients, composed of Corporates, and small and medium-sized enterprises (“SMEs”), with commercial, non-deliverable foreign exchange forwards and options as well as deliverable foreign exchange contracts. In the course of its MiFID business with these clients, the Firm has been granted permission from the FCA to deal on its own account and to hold client money.

# 2. Application of disclosure requirements

The FCA has implemented IFPR through rules contained in the MIFIDPRU Sourcebook. Chapter 8 of MIFIDPRU sets out the disclosure requirements, and this document has been prepared in accordance with these rules.

The IFPR regime distinguishes between small and non-interconnected investment firms (“SNI” firms) and non-SNI firms. The level of compliance with certain rules that will apply to a firm within the scope of the IFPR will be determined by whether or not the firm is an SNI or a non-SNI firm.

SNI firms are defined in Chapter 1 of the prudential sourcebook for MiFID firms, MIFIDPRU 1.2. Defining an SNI firm, MIFIDPRU lists 10 criteria, all of which must be satisfied for a firm to be classified as an SNI firm, 2 of which preclude firms that have been granted permission to deal on their own account or to hold client money in the course of MiFID business.

Consequently, EPM is classified as a non-SNI firm and must meet the disclosure requirements set out under MIFIDPRU 8.1.

## 2.1 Transitional provisions

The Firm has adopted the FCA’s transitional provisions for disclosure requirements contained in MIFIDPRU TP12, which require the Firm to disclose information relating to Governance, Own Funds and Own Funds Requirements in 2022.

In accordance with MIFIDPRU 8.1.7, this document concerns the individual firm only at the Firm’s financial year ending 30 April 2022.



## 2.2 Frequency of disclosures

These disclosures will be published at least once a year following approval of the Firm's Internal Capital Adequacy and Risk Assessment ("ICARA") and alongside the publication of the Firm's annual accounts. The disclosure may be updated more frequently in the event of a material business change.

## 2.3 Certification, media and location

These disclosures have been prepared solely for the purpose of fulfilling the Firm's MIFIDPRU disclosure requirements and are not used by management for any other purpose. They have not been audited, nor do they constitute any form of audited financial statement.

These disclosures have been approved by the Firm's Board and are published and available on the website of the Firm's Parent (<https://ebury.com>).

# 3. Governance arrangements

## 3.1 Steering Committee

EPM has a Board of Directors (the EPM Board) which oversees the executive management of EPM. The board of EPM currently meets on a bi-monthly basis and on other occasions as and when required. The Board has full oversight of all matters falling within its Terms of Reference. The EPM Board will keep this and other aspects of its governance under review as EPM continues to grow and evolve.

The day-to-day management of EPM is the responsibility of the Co-Chief Executive Officers Juan Lobato and Salvador Garcia, two members of the EPM Board. The Co-Chief Executive Officers are assisted in the management and oversight of enterprise risk in relation to EPM by the Firm's Steering Committee, referred to internally as "EPM SteerCo", and is the management body responsible for defining, overseeing and implementing governance arrangements within EPM. The Steering Committee meets bi-monthly.

The Steering Committee is responsible for supervising the effective and prudent management of the business and affairs of the Firm and for ensuring the Firm has a robust corporate governance structure with well-defined, transparent and consistent lines of accountability. This includes oversight of the Firm's risk framework and internal controls. It also includes the segregation of duties within the business and the identification and management of conflicts of interest.

The Steering Committee acts in the best interests of the Firm and in a way that promotes the integrity of the market and the interests of clients. Furthermore, the Steering Committee is directly accountable to the members of the Firm but must also consider the interests of its customers, employees and other stakeholders. Additionally the Steering Committee relies on the Firm's dedicated Risk Management Office and Certain Group functions to assist with the management, monitoring and analysis of key areas of responsibility, while gaining sufficient information to discharge its duties and responsibilities.

EPM, through the Steering Committee, adopts, as applicable, Ebury Group Corporate Policies. The Steering Committee may also rely on the advice, reports and opinions of consultants, counsel, accountants, auditors and other expert advisers.

## 3.2 Diversity

The Firm's Steering Committee's diversity policy states that a committee made up of highly qualified members from diverse backgrounds who reflect the changing population demographics of the markets in which the EPM operates, the talent available with the required expertise and the Firm's evolving customer and employee base, promotes better corporate governance.



In reviewing its composition, the Steering Management considers the benefits of having a broad range of views, experiences, skills, backgrounds and values represented. To support this, the Steering Committee will, when identifying candidates for an appointment:

- ⤵ Consider only candidates who are highly qualified based on their experience, functional expertise, and personal skills and other qualities of directors;
- ⤵ Consider diversity criteria including gender, age, nationality, ethnicity and educational and professional background;
- ⤵ Where appropriate, in addition to its own search, engage qualified independent external advisors to conduct a search for candidates that meet the Committee's skills and diversity criteria to help achieve its diversity aspirations

All appointments are made on merit, judged against a set of objective criteria with regard to the requirement for diversity on the Management Committee.

The Group and the Firm's approach and efforts to achieve diverse representation are based on promoting the Diversity and Inclusion ("D&I") framework in place across the Group. This aims to foster a culture in which all employees feel safe, included, valued and respected. We embrace the unique contributions of everyone and empower them to deliver value for our diverse clients and community.

## 4. Own funds

### 4.1 Composition of the Firm's regulatory own funds

The Firm's own funds consist of common equity tier 1 (CET1) instruments. Consisting of allotted, called up and fully paid: 200,100 Ordinary shares of £1 per share, satisfying all the criteria for a CET1 instrument as outlined in the IFPR, and audited reserves.

**Table: OF1 - Composition of own funds**

Item	£'000	Audited Financial Statements Reference
<b>1 OWN FUNDS</b>	4,413	
<b>2 TIER 1 CAPITAL</b>	4,413	
<b>3 COMMON EQUITY TIER 1 CAPITAL</b>	4,413	
4 Fully paid up capital instruments	200	BALANCE SHEET NOTE: 13
5 Share premium	-	
6 Retained earnings	4,213	STATEMENT OF CHANGE IN EQUITY
7 Accumulated other comprehensive income	-	
8 Other reserves	-	
9 Adjustments to CET1 due to prudential filters	-	



Item	£'000	Audited Financial Statements Reference
10 Other funds	-	
11 (-) TOTAL DEDUCTIONS FROM CET1	-	
19 CET1: Other capital elements, deductions and adjustments	-	
<b>20 ADDITIONAL TIER 1 CAPITAL</b>	-	
<b>21 Fully paid up, directly issued capital instruments</b>	-	
<b>22 Share premium</b>	-	
<b>23 (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1</b>	-	
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		

**Note:** the Firm strengthened its CET1 own funds considerably in November 2022 through the issuance of an additional £15m of ordinary shares.

#### 4.2 Reconciliation of regulatory own funds to balance sheet in the audited Financial Statements

The table below shows a reconciliation with own funds in the balance sheet where assets and liabilities have been broken down by asset and liabilities classes respectively. The information in the table below reflects the balance sheet in the audited financial statements.

**Table: OF2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements**

Only relevant items from the Balance Sheet have been selected	Annual Accounts £'000	Table OF1 Reference
Share capital	200	4
Retained earnings <i>Note: £15k relates to the Financial Year ending 30 April 2022</i>	4,213	6



## 5. Own funds requirements

### 5.1 Own funds requirements summary

EPM's Own Funds Requirement ("OFR") is equal to the sum of its K factors ("KFRs") as this is greater than its Fixed Overhead Requirement ("FOR") and Permanent Minimum Capital Requirement ("PMCR").

**Table: OF3 - Own Funds Requirement**

Item	£'000
<b>The highest of:</b>	
<b>(a) Permanent Minimum Capital Requirement</b>	<b>750</b>
<b>(b) K-Factor Requirement</b>	<b>1,249</b>
(i) K-CMH: CLIENT MONEY HELD	<1
(ii) K-TCD: TRADING COUNTERPARTY DEFAULT	725
(iii) K-DTF: DAILY TRADING FLOW	<1
(iv) K-CON: CONCENTRATION RISK	524
<b>(c) Fixed Overhead Requirement</b>	<b>20</b>
<b>Own Funds Requirement - highest of a, b, c</b>	<b>1,249</b>

### 5.2 Internal Capital and Risk Assessment ("ICARA") Process

Under IFPR, EPM is required to assess its own funds and liquidity requirements and ensure sufficient own funds and liquid assets are held to meet the Overall Financial Adequacy Rule ("OFAR"). The Firm undertakes its ICARA process at least once annually (or as material changes in conditions warrant). The Firm's most recent ICARA document was approved by a Group executive committee, which included members of the Firm's Board and other senior management members appropriate to the Firm.

As part of the ICARA process, EPM has established its own funds Threshold Requirement ("OFTR"), its Liquid Assets Threshold Requirement ("LATR") and its Total Capital Requirement. This assessment involves addressing any potential harm from ongoing activities as well as an Orderly Wind-down scenario. The ICARA is undertaken on a proportionate basis, considering the Firm's size and the nature and complexity of its activities.

Owing to the Firm's recent increase in Own Funds following the issuance of an additional £15m of ordinary shares, the recent ICARA assessment shows a significant surplus to the Firm's OFTR requirements.



### 5.3 Own Funds Threshold Requirement "OFTR"

The Firm has a simple capital structure and does not use any exotic capital instruments. A summary of the Firm's capital requirements and resources appear in the tables below:

**Table: OF4 - Own Funds Threshold Requirement**

Item	£'000
<b>The sum of</b>	
a. Own Funds Requirement (owing to K Factors)	1,249
b. Internal capital adequacy and risk assessment (ICARA) process	1,459
<b>Own Funds Threshold Requirement - the sum of a and b</b>	<b>2,708</b>

Capital Summary as at 30 April 2022	£'000
<b>Total Capital</b>	<b>4,413</b>
<b>Own Funds Threshold Requirement ("OFTR")</b>	<b>2,708</b>
<b>Surplus Capital</b>	<b>1,705</b>

### 5.4 Liquidity Assets Threshold Requirements

EPM must hold an amount of core liquid assets equal to the sum of one-third of its FOR and 1.6% of the total amount of any guarantees provided to clients, as well as conducting further assessments to establish the LATR.

The Firm regularly reviews key elements of the liquid assets assessment, determining that these remain appropriate to cover the liquidity related risks of the Firm. Liquidity stress testing is also conducted as part of the ICARA process. The Firm has a Liquidity Risk Management Framework and Contingency Funding Plan in place.

The recent ICARA assessment shows a significant surplus of core liquid assets when compared with the Firm's LATR.

**Ebury Partners Markets Limited**

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