

# Ebury Partners Markets Limited

IFPR: MIFIDPRU annual disclosures

For the year ended 30 April 2023

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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
EPUK	Ebury Partners UK 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 firms	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 2023.

### 1.2 Background

The Investment Firms Prudential Regime (“IFPR”) is the Financial Conduct Authority’s (“FCA”) prudential regime for MiFID investment firms. The provisions apply to EPM as an FCA-authorized 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 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, 1 of which effectively precludes firms that have been granted permission 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.

The IFPR disclosure requirements set out in MIFIPRU 8 apply on a solo/individual basis only.

### 2.1 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 the publication of the Firm’s annual accounts. The disclosure may be updated more frequently in the event of a material business change.

The firm’s current ICARA uses a reference date of 30th September 2023 and was approved by the EPM Board of Directors in January 2024.

The latest set of publish accounts to 30 April 2023 were published (filed) on 24th August 2023. The last IFPR disclosure was published in January 2023.

## 2.2 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 (<https://epm.ebury.com>).

## 3 Risk management objectives and policies

Please refer to the Annual Report & Accounts.

## 4 Governance arrangements

### 4.1 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 Chief Executive Officer Juan Lobato, member of the EPM Board. The Chief Executive Officer is assisted in the management and oversight of enterprise risk in relation to EPM by the Firm's Steering Committee, referred to internally as "MiFID SteerCo", and is the management body responsible for defining, overseeing and implementing governance arrangements within EPM. The Steering Committee meets 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.

### 4.2 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 Committee 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.

## 5 Own funds

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

The Firm's own funds consist of common equity tier 1 (CET1) comprising allotted, called up and fully paid: 15,200,100 Ordinary shares of £1 per share, satisfying all the criteria for a CET1 instrument as outlined in the IFPR, and audited reserves.

Following what is established on MIFIDPRU Rule 3.3.2, EPM will not consider interim or year-end profits in its common equity tier 1 capital before the firm has taken a formal decision confirming the final profit or loss for the year. However, since profits for the financial year to 30th April 2023 have been audited they are included in CET1.

Table: OF1 - Composition of own funds 30th April 2023

Item	£'000	Audited Financial Statements Reference
<b>1 OWN FUNDS</b>	<b>20,046</b>	
<b>2 TIER 1 CAPITAL</b>	<b>20,046</b>	
<b>3 COMMON EQUITY TIER 1 CAPITAL</b>	<b>20,046</b>	
4 Fully paid up capital instruments	15,200	BALANCE SHEET NOTE: 13
5 Share premium	-	
6 Retained earnings	4,846	STATEMENT OF CHANGE IN EQUITY
7 Accumulated other comprehensive income	-	

8 Other reserves	-	
9 Adjustments to CET1 due to prudential filters	-	
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	-	
<b>25 TIER 2 CAPITAL</b>	-	
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	-	

## 5.2 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

<b>Only relevant items from the Balance Sheet have been selected</b>	<b>Annual Accounts £'000</b>	<b>Table OF1 Reference</b>
Share capital	20,046	4
Retained earnings	4,846	6

## 6 Own funds requirements

### 6.1 Own funds requirements summary

EPM, as a MIFIDPRU investment firm, must at all times maintain sufficient own funds that cover its own funds requirement (OFR); the higher of the permanent minimum requirement ("PMR"), the fixed overheads requirement ("FOR") or the K-factor requirement ("KFR").

Although EPM executes client investment activity orders through Matched Principal Trading, it is not dealing on its own account due to it being a Limited Licence firm utilising the Matched Principal Exemption. Based on this authorisation/licence characteristic and following the MIFIDPRU rules/guidance, TCD and CON are no longer considered under the OFR calculation of EPM, but are now considered as part of the on-going assessment within the own funds threshold requirement (Internal TCD and Internal CON).

Table: OF3 - Own Funds Requirement

£'000			
	30/04/22	30/04/23	30/09/23
<b>The highest of:</b>			
<b>(a) Permanent Minimum Capital Requirement</b>	<b>750</b>	<b>750</b>	<b>750</b>
<b>(b) K-Factor Requirement</b>	<b>1,249</b>	<b>858</b>	<b>2</b>
(i) K-CMH: CLIENT MONEY HELD	<1	5	2
(ii) K-TCD: TRADING COUNTERPARTY DEFAULT	725	853	N/A
(iii) K-DTF: DAILY TRADING FLOW	<1	<1	<1
(iv) K-CON: CONCENTRATION RISK	524	0	N/A
<b>(c) Fixed Overhead Requirement</b>	<b>20</b>	<b>57</b>	<b>110</b>
<b>Own Funds Requirement - highest of a, b, c</b>	<b>1,249</b>	<b>858</b>	<b>750</b>

Note: 30th September 2023 OFR based on updated ICARA approved in January 24

### 6.2 Internal Capital and Risk Assessment ("ICARA") approved on January 2024

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 the EPM Board of directors in January 2024.

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.

Last ICARA uses a reference date of 30th September 2023. EPM's most recent audited accounts are for the year ending 30th April 2023 but EPM submits standard quarter regulatory returns. There is therefore no regulatory return for 30th April 2023 to correspond to audit financial statements. It was therefore decided to align the ICARA reference date to the most recent regulatory return.



### 6.3 Own Funds Threshold Requirement “OFTR”

The FCA considers that the OFR may not be sufficient to adequately mitigate the risks that each firm faces or poses to its customers and markets and therefore requires firms to self-assess their own funds threshold requirement (OFTR) based on an internal analysis of the specific characteristics of each firm; the ICARA process. The OFTR is determined as the higher of:

- The capital resources needed to mitigate any residual risk (having considered the assessment of risks and the Firm’s ability to mitigate them) known as assessment (a) from ongoing operations;
- The Firm’s assessment of capital resources required in the event of an orderly wind down, known as Assessment (b) from wind-down;
- The firm’s PMR

A summary of the Firm’s capital requirements and resources appear in the tables below:

Table: OF4 - Own Funds Threshold Requirement

£'000			
	30/04/22	30/04/23	30/09/23
<b>The highest of:</b>			
Assessment A: On-going	<b>2,708</b>	<b>2,316</b>	<b>3,634</b>
Assessment B; Wind-down	709	709	2,063
Permanent Minimum Requirement	750	750	750
<b>Own Funds Threshold Requirement</b>	<b>2,708</b>	<b>2,316</b>	<b>3,634</b>

Note: 30th September 2023 OFTR based on updated ICARA approved in January 24

### Capital Summary

£'000			
	30/04/22	30/04/23	30/09/23
Total Capital	4,413	19,413	20,048
Own Funds Threshold Requirement (“OFTR”)	2,708	2,316	3,634
<b>Surplus Capital</b>	<b>1,705</b>	<b>17,097</b>	<b>16,414</b>

CET1 capital includes audited profits of the financial year 22-23 (GBP 633k) as part of the CET1.

### 6.4 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 Basic Liquid Asset Requirements requires all Firms to hold an amount of Core assets equivalent to at least one third of their Fixed Overhead Requirement. As evidenced on the table 2 below Ebury holds sufficient BLAR. The Firm maintains £217k unencumbered and accessible on demand funds which are available to meet the BLAR.

Since the Group operates a centralised cash management process using intragroup payment accounts provided by EPUK, all entities in the Group look to the overall Group position to conclude whether they individually have access to adequate liquid asset resources in order to meet their near term financial obligations as they fall due.

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

### LTAR Summary

£'000			
	30/04/22	30/04/23	30/09/23
BLAR	Not disclosed	19	37
LATR	Not disclosed	19	37
Cash / Cash Equivalents	Not disclosed	305	217
<b>Surplus</b>	Not disclosed	<b>286</b>	<b>180</b>

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