# MIFIDPRU 8 Prudential Disclosures

to 31 December 2022

## Platform Securities LLP

September 2023

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Platform Securities LLP is a limited liability partnership, registered in England and Wales under No. OC301316. Registered office: The Walbrook Building, 25 Walbrook, London, EC4N 8AF. Authorised and regulated by the Financial Conduct Authority (FCA), 12 Endeavour Square, London, E20 1JN (FCA firm reference number 214206), and a member of the London Stock Exchange.

# Contents



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# Introduction

## Platform Securities LLP

Platform Securities LLP (also referred to herein as "**the firm**") is authorised and regulated in the UK by the Financial Conduct Authority (FCA) and subject to minimum regulatory capital requirements.

The firm is categorised as:

- a *non-SNI MIFIDPRU investment firm* (i.e. a MIFIDPRU investment firm that is not a small and non-interconnected MIFIDPRU investment firm);
- an enhanced scope SMCR firm (as a *significant SYSC firm* and *CASS large firm*); and
- a regulated IFPRU 125K Limited Licence firm.

The purpose of this document is to provide certain disclosures in connection with the UK FCA's Investment Firm Prudential Regime (IFPR) and chapter 8 of its prudential sourcebook for MiFID Investment Firms (MIFIDPRU 8). These disclosures complement the work already undertaken by the firm in the assessment of its capital requirements under its Internal Capital Adequacy Risk Assessment (ICARA).

## Disclosure policy

Disclosure will be made on at least an annual basis, and all information contained herein is as of December 31st, 2022 (unless stated otherwise), which represents the date of Platform Securities' most recent financial accounting year-end. The Assets, Liabilities and ICARA Committee reviews material risks on a monthly basis and should the strategy of the business or the controls within it alter to the extent that the risk profile is significantly altered, a review of the key risk and the ICARA would be triggered by this committee, and this would in turn lead to a Prudential Disclosure review.

The Prudential disclosures are prepared purely to explain the basis on which the firm has prepared and disclosed certain capital requirements and information about the management of certain risks, and for no other purpose.

The report will be published on the Platform Securities website www.platformsecurities.com and will not be subject to external audit, except to the extent that any disclosures are equivalent to those made under accounting requirements.

For more information, please contact us.





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## 1. Corporate structure

The firm's ownership structure is included in Appendix 1. Its operation is principally run through two legal entities:

- Platform Securities LLP (i.e. the firm); and
- Platform Securities Services (UK) Limited.

Platform Securities Services (UK) Limited acts predominantly as a service company providing staff resources and infrastructure to the firm and in addition supports Application Service Provider (ASP) clients, providing software to transact their business. While disclosure relates to the firm, the information in section 5 is provided to include Platform Securities Holdings Limited and its subsidiaries, which are recognised as an investment firm group by the FCA.

## 2. Corporate and Governance structure

### The Board

The Board is the principal decision-maker for the firm and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the firm. The Board:

- has overall responsibility for management of the firm;
- approves and oversees implementation of the firm's strategic objectives, risk strategy and internal governance arrangements;
- ensures the integrity of the firm's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory regime;
- oversees the process of disclosure and communications;
- has responsibility for providing effective oversight of senior management; and
- monitors and periodically assesses the effectiveness of the firm's governance arrangements and takes appropriate steps to address any deficiencies.

The roles of Chairman and Chief Executive Officer are held by different individuals.

The Board is structured such that the directors bring a balance of skills, knowledge, and experience to understand the activities of the firm. The directors reflect an adequately broad range of experiences and are required to commit sufficient time to perform their functions. Induction and ongoing training is provided to all directors. Board members do not hold more directorships than is appropriate taking into consideration relevant FCA requirements.

### The Nominations Committee

The role of the Nominations Committee involves:

- identifying, and recommending for approval, candidates to fill Board or Board Committee vacancies, having evaluated the balance of knowledge, skills, diversity and experience of the Board;
- periodically and at least annually assessing the structure, size, composition, performance and effectiveness of the Board and Committees;
- assessing the knowledge, skills and experience of individual members of the Board, and reporting this to the Board; and



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- preparing descriptions of roles and capabilities for a particular appointment and assessing the time commitment required.

Platform Securities seeks to ensure that no discrimination occurs in the recruitment or employment of staff, including members of the Board.

### Disclosure

Platform Securities LLP is regulated by the Financial Conduct Authority (FCA) and is a significant SYSC Firm. FCA Rule SYSC 4.3A.11 R in the Senior Management Arrangements, Systems and Controls sourcebook (SYSC) requires that a firm must explain on its website how they comply with the requirements of SYSC 4.3A.1 R to SYSC 4.3A.3 R and SYSC 4.3A.4 R to SYSC 4.3A.11 R. The disclosure above is intended to meet the requirements of these rules.

### Management Body Directorships

| Position/role | Number of Directorships |
|---|---|
| Chairman | 0 |
| Independent Non-Executive Directors | 2 |
| Executive Directors | 0 |

### Diversity

The Board places great emphasis on ensuring that its membership reflects diversity in its broadest sense and recognises that a diverse Board provides a range of perspectives, insights and challenges that promote positive, informative, and good decision making.

The Nominations Committee are responsible for identifying, and recommending for approval, candidates to fill Board or Board Committee vacancies, having evaluated the balance of knowledge, skills, diversity, and experience of the Board. There are currently no numerical targets relating to Board composition and it is recognised that this is an area of ongoing consideration that is tracked and will be reported on at least annually.

Platform Securities subscribes to the FIS Values and ‘Win as One Team’ which is achieved by promoting an inclusive culture and embracing the diverse strengths of our employees.

## 3. Risk Management

Risk management is at the core of Platform Securities’ business. The Executive Directors are committed to ensuring that the business operates within the boundaries of their risk appetite statements, which are promoted throughout the organisation as a collective vision of the business’ purpose, culture, values and behaviours.

Risk is formally overseen by the Board Risk Committee, which is chaired by an independent Non-Executive Director to ensure the opportunity for the appropriate level of challenge to the Executive Directors.



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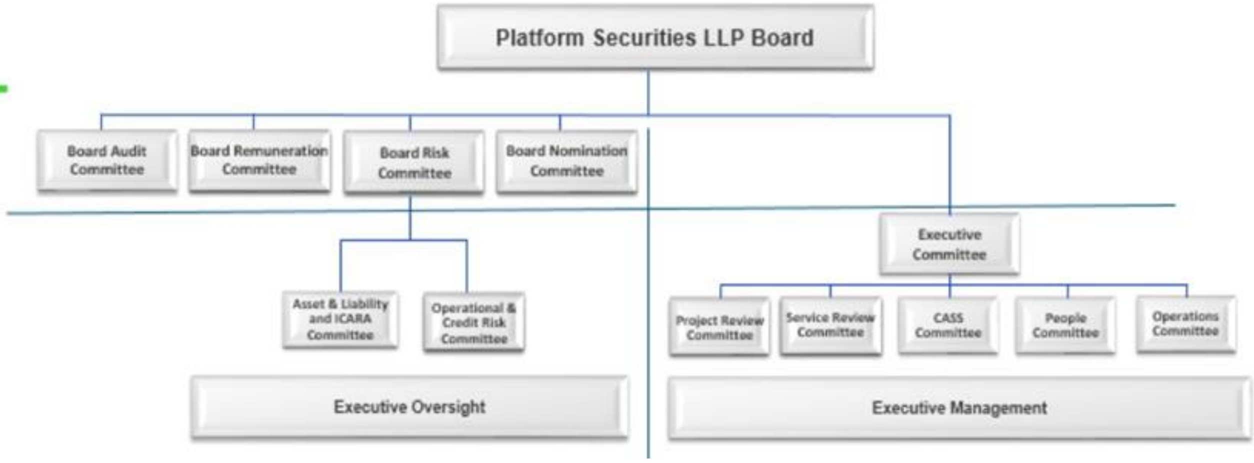
Both executive oversight and executive management committees have been mandated to ensure that there is an appropriate relationship between decision making and risk taking.

The governance structure is illustrated as follows:

**PLATFORM SECURITIES GOVERNANCE STRUCTURE**




Relevant issues are overseen at any of the sub-committees with more material items being reported to the Board Risk Committee, which is the final executive oversight of risk matters before escalation to the Board of Platform Securities LLP. Membership of those subcommittees is drawn from across Platform Securities providing the necessary expertise to discuss key items.

On a day-to-day basis the risk is overseen by a dedicated Risk department within Platform Securities, which reports into the Board, CEO and ultimately to the Chief Information Officer and SVP Risk Officer within FIS, and is responsible for all elements of the risk framework. This framework is designed to meet all relevant recommendations of the Basel Committee on Banking Supervision and FCA guidance and provides the mechanisms for assessment, escalation, management and monitoring of risk and issues across the business.

## Platform Securities Risk Appetite Statement

We take risks to build our business, but only if those risks:

- fit our business strategy and can be understood and managed;
- do not expose the business to a single material loss event from an acquisition, business or product; and
- do not harm the firm's or FIS' brand.

We evaluate the risks we take and their effect on our corporate clients, end consumers and our strategy, and act to deliver good outcomes for retail customers. We seek to mitigate risk by offering diverse products and services.

## Own Funds and Concentration Risks

As part of its ICARA, Platform Securities LLP assesses its business model and identifies all material harms that could result from:

- ongoing operation of the firm's business;



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- the wind down of the firm's business.

This process is performed and calculated by using the risks identified in the Risk Control Self-Assessment (RCSA) process and the consideration of retaining additional capital following stress testing.

The RCSA captures all significant risks that exist within the business by looking at risk registers, risk events and breaches that occurred in the previous year, and external events that have taken place in similar businesses.

The firm monitors the potential impact of the loss of a key client which could result in revenue shortfalls and reduced profitability (concentration risk) by modelling the scenario in its RCSA process and stress testing with KRIs designed to monitor the exposure to the top three revenue producing clients.

### Liquidity Risk

The firm has sound, effective and complete processes, and systems to identify measure, monitor, manage and control liquidity risk. This enables the business to assess and maintain the amounts, types and distribution of liquidity resources considered necessary to cover the nature and level of the liquidity risk to which it is or might be exposed.

Processes are in place to enable the firm to identify, measure, manage and monitor liquidity risk positions for all sources of contingent liability demand, all currencies in which its businesses are active, and correspondent, custody and settlement activities. Early warning indicators are also in place to enable the identification of the emergence of increased liquidity risk or vulnerabilities. Further details are available within the Liquidity Risk Management Framework.

## 4. Capital Resources

The primary objectives of the firm's capital management policies are to ensure that the firm complies with the externally imposed capital requirements and that it maintains healthy capital ratios in order to support the business. The firm manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.

### Own Funds (MIFIDPRU 8.4)

| **Composition of regulatory own funds** | | |
|---|---|---|
| **Item** | **Amount (£000s)** | **Source based on reference numbers / letters of the balance sheet in the audited financial statements** |
| **1 OWN FUNDS** | 21,486 | Total members' interests |
| **2 TIER 1 CAPITAL** | 21,486 | Total members' interests |
| **3 COMMON EQUITY TIER 1 CAPITAL** | 21,486 | Total members' interests |
| 4 Fully paid-up capital instruments | 24,252 | Members' capital classified as equity |
| 5 Share premium | 0 | n/a |
| 6 Retained earnings | (2,766) | Members' other interests - accumulated losses |
| 7 Accumulated other comprehensive income | 0 | n/a |



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| Composition of regulatory own funds | | |
|---|---|---|
| 8 Other reserves | 0 | n/a |
| 9 Adjustments to CET1 due to prudential filters | 0 | n/a |
| 10 Other funds | 0 | n/a |
| 11 (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1 | 0 | n/a |
| 19 CET1: Other capital elements, deductions and adjustments | 0 | n/a |
| **20 ADDITIONAL TIER 1 CAPITAL** | 0 | n/a |
| 21 Fully paid up, directly issued capital instruments | 0 | n/a |
| 22 Share premium | 0 | n/a |
| 23 (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1 | 0 | n/a |
| 24 Additional Tier 1: Other capital elements, deductions & adjustments | 0 | n/a |
| **25 TIER 2 CAPITAL** | 0 | n/a |
| 26 Fully paid up, directly issued capital instruments | 0 | n/a |
| 27 Share premium | 0 | n/a |
| 28 (-) TOTAL DEDUCTIONS FROM TIER 2 | 0 | n/a |
| 29 Tier 2: Other capital elements, deductions and adjustments | 0 | n/a |

**Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements**

| | | 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 Total £000 | As at period end | |
| | **Assets** | | | |
| 1 | Trade & Other Receivable | 9,399 | n/a | |
| 2 | Due from client | 24,498 | n/a | |
| 3 | Due from market | 26,715 | n/a | |
| 4 | Cash and bank balances | 20,412 | n/a | |
| 5 | **Total assets** | **81,024** | **n/a** | |
| | | | | |
| | **Liabilities** | | | |
| 6 | Trade & Other payables | 24,185 | n/a | |
| 7 | Due to client | 5,131 | n/a | |
| 8 | Due to market | 30,222 | n/a | |
| 9 | **Total liabilities** | **59,538** | **n/a** | |



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| | | | | |
|---|---|---|---|---|
| | Members' interest | | | |
| 10 | Members' capital | 24,252 | n/a | |
| 11 | Members' other interests | (2,766) | n/a | |
| 12 | **Total Members' interest** | **21,486** | **n/a** | |

## Own Funds Requirement (MIFIDPRU 8.5)

| Own Funds requirement at 31 December 2022 | Total £000 |
|---|---|
| K-AUM, K-CMH and K-ASA | 12,518 |
| K-DTF and K-COH | 39 |
| K-NPR, K-CMG, K-TCD and K-CON | - |
| **Total K- Factor requirement** | **12,557** |
| **Fixed Overhead requirement** | **5,221** |
| **Own Funds requirement at 31 December 2022** | **12,557** |

## Assessment of Own Funds

The Overall Financial Adequacy Rule (OFAR) establishes the standard that the FCA applies to determine whether the firm, as a non-SNI MIFIDPRU investment firm, has adequate financial resources. The amount and quality of own funds and liquid assets that each firm must hold will vary according to its business model and operating model, the environment in which it operates and the nature of its internal systems and controls.

The firm assesses the adequacy of its own funds in accordance with the prescribed permanent minimum capital, fixed overheads and applicable K-factor requirements. In addition, the firm undertakes an assessment of own funds requirements through its internal processes to identify additional own funds requirements of the firm resulting from:

- the material risks associated with ongoing business operations; and
- those required to facilitate an orderly wind-down of the business.

Own funds requirement is formally reviewed, challenged and approved by the Board.

# 5. Remuneration Code Disclosure

The firm must comply with SYSC 19G in relation to the remuneration paid to employees identified as Material Risk Takers (MRTs) and all staff.

The purpose of this regulation is to ensure that remuneration does not drive excessive risk taking, which would either weaken the firm's capital adequacy or encourage bad conduct behaviour detrimental to clients. As a non-SNI firm, the firm is required to comply with the basic remuneration rule plus the additional requirements of standard remuneration rules. The firm does not trigger the Asset or Revenue based requirement for it to comply with the Extended Remuneration requirement.

## Decision Making Process



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A Remuneration Committee has been established to assist the Board in fulfilling its corporate governance and oversight responsibilities relating to the remuneration practices of the firm ensuring that compensation processes:

- are aligned with the business and compensation strategy;
- appropriately reward senior officers for their contribution to the firm;
- considers the implications remuneration has on risk and risk management of the firm;
- are compliant with regulatory expectations and best practice; and
- enable the firm to attract, retain and motivate high performing individuals to create sustainable value.

The Remuneration Committee meets twice a year and is comprised of an independent non-executive director, a non-executive member of the Board that does not perform any executive function within the firm and operates with support from the Chief Executive Officer of the firm. No external consultants have been used for the determination of the remuneration policy.

## Link Between Pay and Performance

The firm uses a combination of fixed and variable compensation. The FIS Performance Bonus Plan is an annual incentive plan for Platform Securities LLP Senior Managers and Material Risk Takers who have a direct impact on the financial and non-financial performance and on the firm’s risk profile. The program funds based on the achievement of financial and strategic goals of the firm and business levels.

Individual performance, financial measures and non-financial measures such as effective risk management and compliance with the regulatory system are considered. The proportion of an employee’s remuneration that is variable will be determined by reference to the role of the employee.

## Material Risk Takers (MRTs)

Material Risk Takers (MRTs) have been identified based on the qualitative and quantitative criteria set out in the Regulatory Technical Standard EU 604/2014. This comprises staff such as Executive Directors, risk takers, staff engaged in senior manager functions and any employee whose professional activities have a material impact on the firm's risk profile.

## Remuneration Scheme Classes

- All UK SMFs excluding NEDs
- Jersey Executive Directors
- Non-Executive Directors
- Certified Individuals
- Other Identified Material Risk Takers

There are 21 MRTs identified for the firm.

## Remuneration Elements

<u>Fixed Remuneration</u>

Fixed remuneration is determined based on the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions.





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Fixed remuneration comprises:

- Base Salary – The purpose of base salary is to provide compensation for competent performance within the role.
- Benefits – The purpose of benefits is to provide a competitive package to ensure recruitment of the best available talent.
- Pensions – forms part of the overall remuneration package and meets statutory obligations.

No Benefit or Pension payment will be made on a discretionary basis. The Remuneration Committee will ensure that Fixed Remuneration for MRTs is benchmarked against equivalent firms in the market to ensure the recruitment and retention of highly talented staff.

Variable remuneration

The purpose of variable performance-based remuneration is to motivate and reward high performers who significantly contribute to sustainable results, perform in excess of set expectations for the individual in question, strengthen long-term customer relations, and generate income and shareholder value.

Variable remuneration comprises:

Annual Bonuses

Annual bonuses are the main components of variable remuneration. The main purpose of these is to encourage:

- the achievement of short-term goals set out in the ASP;
- responsible risk taking; and
- maintenance or improvement of regulatory standards.

FIS Stock Plans

The Remuneration Committee recognises that FIS wishes to incentivise key employees with opportunities to acquire stock in FIS. The cost of the provisions of these schemes is not charged back to the firm and therefore strictly the schemes do not form part of variable remuneration putting at risk the Firm's prudential position. However, they do form part of remuneration caught by sound remuneration so will be considered as part of the variable remuneration package and would not be allocated without Remuneration Committee approval.

The Remuneration Committee's interest in these schemes is restricted to an assessment of the potential for these schemes to circumvent, distort or create inappropriate conflicts of interest with the remuneration rules applied via FCA or EBA.

Where any of the FIS Global schemes provide benefits, or levels of benefits which materially do not match any requirement of Remuneration Rules, for example where vesting can occur in shorter timescales, staff will agree as a condition of employment, to voluntarily restrict the exercise of any option following vesting, in line with UK regulatory requirements, irrespective of the FIS scheme rules.

FIS Performance Bonus Plan

This is an enterprise-wide scheme for paying incentives to FIS staff. Wherever possible the Board will adhere to this scheme for eligible staff members. The Remuneration Committee will recommend to the Board that the inclusion of MRTs in this Performance Bonus Plan and the Performance and MBO objectives are in line with the principles of the FCA Remuneration Code.

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Guaranteed Bonuses

It is against firm policy to pay guaranteed bonuses.

Retention Bonuses

It is not generally the policy to pay retention bonuses, but it is recognised that these may be required in exceptional circumstances. A valid circumstance would be to ensure retention of a key staff member where to lose such a member would put at short term risk some material element of the Firm's performance or ability to maintain threshold competence. The Remuneration Committee will use its best judgement in recommending the payment of any retention bonus.

Compensation for loss of office

Where compensation payments are to be made for loss of office over and above the statutory requirements, these are to be recognised as variable remuneration and therefore subject to clawback along with other variable remuneration.

## Malus and Clawback: - Purpose and Operation

*Malus* will not generally apply, as there are no awards of the firm's stock or deferred cash payments. However, Malus may apply in the form of the Remuneration Committee recommending to FIS the vesting of stock options may be further deferred where it is clear that an unresolved conflict of interest existed.

*Clawback* will apply to any cash bonus paid in the previous 7 years where it is shown that in a retrospective analysis bonus payments were made for performance that was found not to be sustainable.

All variable remuneration is subject to compliance with FCA Remuneration Code (MIFIDPRU Remuneration Code (SYSC 19G)), and any amount paid outside the rules is subject to clawback.



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## Senior Management, MRTs and all staff Remuneration

Platform Securities LLP regards its activities as one business area. During 2022 the following amounts were paid in fixed and variable remuneration to senior management, other MRTs and other members of staff.

| Description | Amount |
|---|---|
| Total amount of remuneration paid to entire staff | £14,816,281.00 |
| Of which: | |
| Total fixed remuneration | £13,286,287.00 |
| Total variable remuneration | £764,997.00 |
| | |
| Total amount of remuneration paid to Senior management and MRTs | £3,745,906.00 |
| Of which: | |
| Total fixed remuneration | £3,464,423.00 |
| Total variable remuneration | £281,483.00 |
| Total amount of remuneration paid to other staff | £10,305,378.00 |
| Of which: | |
| Total fixed remuneration | £9,821,864.00 |
| Total variable remuneration | £483,514.00 |
| Total amount of guaranteed variable remuneration awards | £0.00 |
| Total amount of severance payments | £0.00 |
| Total amount of highest severance payment to an individual MRT | £0.00 |

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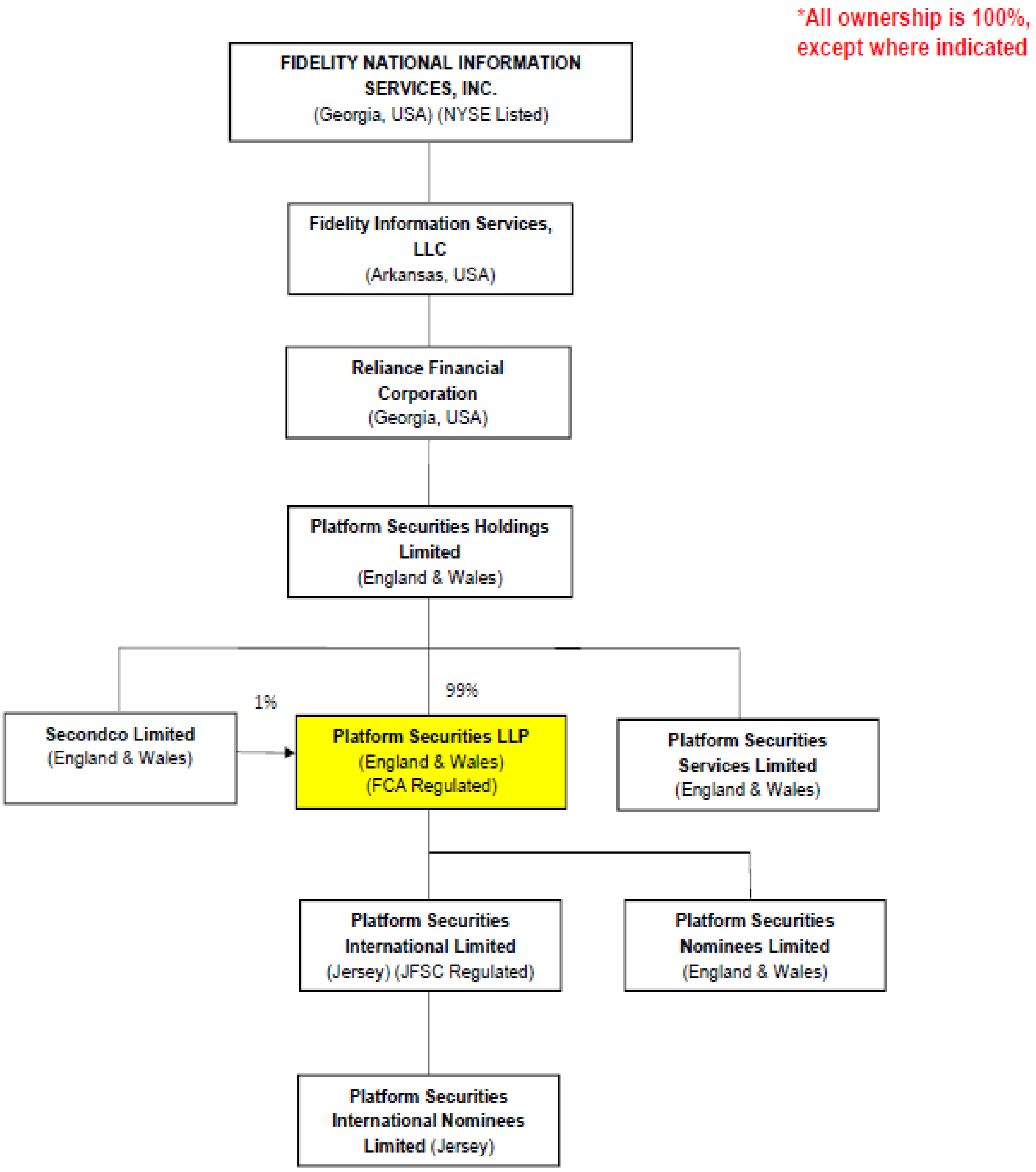
# Appendix 1

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