IFPR MIFIDPRU 8 Disclosure

ICM Capital Limited - As at 31st December 2023

Contents

1. Background & Requirement

Under the FCA's Investment Firm Prudential Regime (IFPR), all MiFID investment firms are required make certain public disclosures on an annual basis in line with MIFIDPRU 8 of the FCA handbook.

Such disclosures are core to market discipline and provides the information and transparency necessary to ensure markets work well.

As a Non-SNI firm, ICM Capital Limited ("ICM"), ("the Firm) is subject to disclose information on its;

- Disclosure (MIFIDPRU 8.1)
- Risk Management objectives and policies (MIFIDIPRU 8.2)
- Governance arrangements (MIFIDPRU 8.3)
- Own funds (MIFIDPRU 8.4)
- Own funds requirements (MIFIDPRU 8.5)
- Remuneration policy and practices (MIFIDPRU8.6)
- Investment policy MIFIDPRU 8.7 *(Not applicable to ICM)*

2. Disclosure (MIFIDPRU 8.1)

ICM Capital Limited ("ICM" or "Firm") who is authorised in the United Kingdom ("UK") by the Financial Conduct Authority under FRN 520965, has undertaken the Internal Capital Adequacy and Risk Assessment (ICARA) in accordance with the requirements of MIFIDPRU 7.

The disclosures are made in respect of ICM Capital Limited for the year ended 31 December 2023.

ICM is a Non-SNI MIFIDPRU Investment Firm.

The Firm has assessed its permission profile against the rules in MIFIDPRU 4.4 to determine its Permanent Minimum Capital Requirement (PMR). The PMR for ICM is £750,000

In accordance with MIFIDPRU 8.1.7, the disclosures are made on an individual basis and published on ICM's website (on an annual basis. The disclosure is published at the point the firm's audited financial statements are approved.

Information is disclosed by ICM unless it does not apply or is considered by the board as being proprietary of confidential information.

The disclosures have been prepared as required under IFPR MIFIDPRU 8 standards and for no other purpose. They do not constitute any form of financial statement and must not be relied upon in making judgement about ICM.

ICM will update this disclosure more frequently than annually if material changes to its business model have occurred that would affect the calculations of its regulatory capital requirement.

3. Business Overview

ICM was established as a specialist online Forex and CFD brokerage that enables professional clients to open live trading accounts via its platform. ICM is a Non-SNI MIFIDPRU Investment Firm.

ICM follows a structured risk management framework based around identifying risks, establishing appropriate procedures and following a top-down management approach where the senior management lead the risk management initiatives.

The senior management at ICM have had previous experience of online trading of Forex and CFDs. The senior management acknowledge its specific responsibilities for risk management and approves the risk management policies implemented by the Firm. It is the aim of these policies that there should be adequate systems and controls in place, which are proportional and relevant to the business to adequately identify, manage, monitor and report risks that the business might be exposed to.

4. Risk Management objectives and policies (MIFIDPRU 8.2)

Risk Management Framework

The Board of ICM has established a Risk Management Framework which covers all aspects of the business.

The Risk Management Framework:

- Identifies, measures, manages, monitors, and reports on the harm to the firm, the clients and the market.
- Manages the risk that the Firm's conduct may pose harm to the fair outcomes for clients, or the sound, stable, resilient, and transparent operation of financial markets.

This framework provides the Board with assurance that the Firm's risks, including risks relating to the achievement of the Firm's strategic objectives, are understood, and managed in accordance with the appetite and tolerance levels set. It provides the basis for enabling the Firm's ongoing assessment, control, monitoring, and reporting of risk management.

The framework is established around the following elements:

- Risk Culture
- Risk Taxonomy
- Risk Appetite
- Risk Governance
- Risk Management

The Board has overall responsibility for the management of risk within the Firm. This includes determining the Firm's risk appetite, which sets out the nature and extent of the principal risks it is willing to take in achieving its objectives and defining the standards and expectations that drive the Firm's culture.

It also involves ensuring that the Firm maintains an appropriate and effective Risk Management Framework, and monitoring performance and risk indicators to ensure that the Firm remains within its risk appetite.

This framework provides the Board with assurance that the Firm's risks, including risks relating to the achievement of the Firm's strategic objectives, are understood, and managed in accordance with the appetite and tolerance levels set. It provides the basis for enabling the Firm's ongoing assessment, control, monitoring, and reporting of risk management.

Principal Risks

The major risks identified by ICM's Board and the actions taken to mitigate these risks are summarised in the table below.

Category	Risk	Mitigation
Regulatory Risk	The risk that ICM faces enhanced regulatory scrutiny, such as investigation, enforcement, or sanctions by financial services regulators	The firm actively monitors and manages the outlook for regulatory environment risk across all countries and territories where it operates
Regulatory Change	The risk of government bodies introducing legislation or new regulation requirements in any of the jurisdictions in which the firm currently operates	The firm keeps abreast of emerging regulatory trends or developments
Market Risk	The risk of loss due to movement in market prices arising from the firms net exposure in financial instruments	The firm monitors its exposure in real time and adhere to strict trading limits that are reviewed by the board.
Client Credit Risk	The risk that a client fails to meet their obligations to us to cover any trading losses incurred	Clients adhere to strict margin requirements, and where additional margin is not paid, immediate "close-outs" are

		triggered.
Counterparty Risk	Where the firm has exposure to brokers that holds funds as well as hedging positions	The firm actively manages its credit exposure with brokers and recalls funds on a daily basis to keep risk to a minimum.
Liquidity Risk	The risk that the firm is unable to meet its financial obligations as they fall due	The firm carries out a liquidity assessment as part of its "Internal Capital and Risk Assessment" (ICARA) to ascertain sufficient liquidity. This is carried out annually or sooner if necessary.
Capital Adequacy	The risk that the firm holds insufficient capital to cover its risk exposures and must curtail or cease it operations	As part of the ICARA process, the firm also applies stress tests to its base financial projections to ensure sufficient capital. This is approved by the board.
Financial Crime Risk	The risk of failure to identify and report financial crime which could result is a breach of regulatory requirements	The firm maintains an AML framework for identifying suspicious transactions relating to market abuse or other financial crimes to ensure adequate oversight.

5. Governance Arrangements (MIFIDPRU 8.3)

Governance Arrangements

Board of Directors

The Board of Directors is responsible for the operation of the firm and the management of relevant operational, investment, regulatory, reputational, financial and other risks.

The Board takes overall responsibility for:

- Approving and overseeing the implementation of the Firm's strategic objectives and internal governance.
- Ensuring the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls and compliance with regulatory systems.
- Responsibility for effective oversight of senior management.
- Responsibility for the culture, philosophy, strategy, risk management, conflicts of interest and for all corporate management.
- The adequacy of the policies relating to the provision of services to clients and takes appropriate steps to address deficiencies.

The Directors of the Firm determine its business strategy and the risk appetite. They have designed and implemented a risk management framework that recognises the risks that the business faces. The Directors of the Firm also determine how those risks may be mitigated and assess on an ongoing basis, the controls and procedures necessary to manage those risks. The Directors of the Firm, and the Senior Management meet on a regular basis and discuss profitability; liquidity; regulatory capital; business planning and risk management.

In particular, the board ensures that:

- the internal control system is appropriate for ensuring orderly and prudent management of the Company's business and risks, by establishing an on-going dialogue with the Head of Finance and Head of Compliance and by abiding to their recommendations;
- the sophistication of risk management and measurement processes are suited to the particular and idiosyncratic risks of the Company, by controlling, evaluating and approving the ICARA Process;
- the own funds targets are tailored to the Company's risk profile and to the economic environment in which it operates, by ensuring the frequent application of the Capital Adequacy Directive (CAD) and ICARA assessment.

The Board of Directors is also responsible for setting ICM's risk appetite, ensuring that it has an appropriate and effective risk management framework, and for monitoring the ongoing process for identifying, evaluating, managing and reporting the significant risks faced by the firm.

The board members of ICM are all FCA approved Senior Managers.

ICM is subject to the Senior Management Regime ('SMR') and all members of the management body hold SMF status. The firm has undertaken the necessary fitness and proprietary assessments associated with SMR to ensure each member:

- Is of sufficiently good repute;
- Possesses sufficient knowledge, skills and experience to perform their duties;
- Possesses adequate collective knowledge, skills and experience to understand the Firm's activities, including the main risks;
- Reflects an adequately broad range of experience;
- Commits sufficient time to perform their functions in the Firm; and
- Acts with honesty, integrity and independence of mind to effectively assess and challenge the decisions of senior management where necessary and to effectively oversea and monitor management decision making.

Risk Committee

In accordance with MIFIDPRU 7.3R a non-SNI MIFIDPRU firm is required to establish a risk committee.

The principal purpose of the Committee is to assist the Board in its oversight of risk within the Firm, with particular focus on the Firm's risk appetite, risk profile and the effectiveness of the Firm's Risk Management Framework. This Committee is held on a monthly basis.

The Firm has established a Risk Committee that consists of the Directors, Compliance/MLRO, Head of Finance, Head of Dealing and Operations Manager. The Committee meets at least once a month or sooner if necessary to discuss and minute all matters relating to the Firm's business and associated risk including market risk, credit and liquidity risks and capital adequacy adherence.

The Committee ensures that due diligence appraisals are carried out on strategic or material transactions, and also works with the Board of Directors to ensure that risk management is properly considered.

Finance Function

The Head of Finance together with the executive directors monitor the Capital and Liquidity position.

Number of Directorships

Director	Position	Other Directorships
Shoaib Abedi (resigned 1st March 2024)	Director and 100% shareholder	8
Tyler Bui	Director	0
Mohammad Reza Issapoor (resigned 31st January 2024)	Director	0

6. Own funds (MIFIDPRU 8.4)

ICM has a regulatory obligation to ensure that it maintains overall financial resources, including both capital resources and liquidity resources, which are adequate both as to the amount and quality, to ensure there is no significant risk that its liabilities cannot be met as they fall due.

In accordance with the Overall financial Adequacy Rule (OFAR), the 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:

- 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
- The firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

An assessment is carried out as part of the Internal Capital adequacy and Risk Assessment (ICARA).

ICM calculates its own internal risk assessment of ongoing activities by identifying all risks and considering their materiality, including those that are not captured under the defined K-Factor requirements. The higher of the internal risk assessment and the funds required for an orderly wind-down is used as the Own Funds Threshold Requirement (OFTR) and Liquid Assets Threshold Requirement (LATR) which ICM is required to hold at any point in time to comply with OFAR.

The ICARA assessment is produced annually or more frequently, if there has been a material change to the business model.

The internal risk assessment is monitored daily as an integral part of the Risk Management Framework. The Executive Risk committee considers all risks that could cause a change to ICM's risk profile.

The disclosures have been prepared as required under IFPR MIFIDPRU 8 standards and for no other purpose. They do not constitute any form of financial statement and must not be relied upon in making judgement about ICM.

The table below follows MIFIDPRU 8 Annex 1R

Composition of regulatory own funds			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	840	
2	TIER 1 CAPITAL	840	
3	COMMON EQUITY TIER 1 CAPITAL		
4	Fully paid up capital instruments	1,100	
5	Share premium		
6	Retained earnings	(260)	
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		

19	CET1: Other capital elements, deductions and adjustments		
20	ADDITIONAL TIER 1 CAPITAL	0	
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	0	
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		

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

Flexible template - rows to be reported in line with the balance sheet included in the audited financial statements of the investment firm.

Columns should be kept fixed, unless the investment firm has the same accounting and regulatory scope of consolidation, in which case the volumes should be entered in column (a) only.

Figures should be given in GBP thousands 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	Fixed assets – Intangible			
2	Fixed assets – Tangible	39		
3	Current Assets – Debtors: Amounts falling due within one year	253		
4	Current assets – Cash and Cash Equivalents	1,006		
	Total Assets	1,298		
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial Statements*				
1	Current Assets – Creditors: Amounts falling due within one year	(458)		
	Total Liabilities	(458)		
Shareholders' Equity				
1	Called up share capital	1,100		
2	Profit and Loss account	(260)		
	Total Shareholders' equity	840		
Own funds: main features of own instruments issued by the firm				
N/A				

7. Own funds requirement (MIFIDPRU 8.5)

In accordance with MIFIFPRU 4.3.2 (R), ICM is required to maintain own funds that are at least equal to it Own Funds Requirement at all times.

The Own Funds Requirement is the greater of:

As at 31 December 2022 £(000)s	Amount
Permanent Minimum Requirement (PMR)	750
Fixed Overhead Requirement (FOR)	311
K-Factor Requirement (KFR)	169
Own Funds Requirement	750

ICM has had a significant surplus of Own Funds over Own Funds Requirement throughout the year with a surplus of £90k at the year ending 31 December 2023.

The Firm shall disclose the following information regarding its compliance with the requirements set out in MIFIDPRU 4.3 (Own funds requirement):

- The K-factor requirements*, broken down as follows:

*Source: MIF001 December 2023

(a) The sum of the K-AUM requirement, the K-CMH requirement and the K-ASA requirement;

	£(000)s
K-AUM (MIFIDPRU 4.7)	0
K-CMH (MIFIDPRU 4.8)	2
K-ASA (MIFIDPRU 4.9)	0
Total	2

(b) The sum of the K-COH requirement and the K-DTF requirement; and

	£(000)s
K-COH (MIFIDPRU 4.10)	57
K-DFT (Derivatives) (MIFIDPRU 4.15)	38
Total	95

(c) The sum of the K-NPR requirement, the K-CMG requirement, the K-TCD requirement and the K-CON requirement; and

	£(000)s
K-NPR (MIFIDPRU 4.12)	68
K-CMG (MIFIDPRU 4.13)	0
K-TCD (MIFIDPRU 4.14)	4
Total	72

ii. The Fixed Overhead Requirement (FOR)

Basis: MIFIDPRU 4.5

The fixed overhead requirement is £311k. The fixed overhead requirement is calculated as 25% of the Firms net relevant expenditure during the preceding year. As part of the ICARA process, the Firm utilises a number of approaches to ensure that it remains compliant with the overall financial adequacy rule under MIFIDPRU 7.4.7R, both in terms of own funds and liquidity resources.

8. Remuneration policy and practises (MIFIDPRU 8.6)

Approach to remuneration

Base salaries provide pre-determined, non-revocable compensation paid to individuals throughout the year, irrespective of the Firm or individual performance. Base salaries and benefits constitute a significant proportion of the Firm's total remuneration. This fixed element is based on the professional experience and responsibility within the Firm of and individual.

The Firm may at its complete discretion award bonuses which are based on individual performance as well as the Firm's underlying profitability. The bonus does not form part of individual's contractual remuneration. The size of the bonus pool is linked to the overall performance of the Firm. The employee incentive payment is linked to the contribution of the individual to such performance. Bonuses are discretionally and will diminish or disappear in the event of poor business or individual performance. When considering individual performance. When considering individual performance, the firm considers both financial and non-financial metrics. To not incentivise unacceptable risk taking, fixed remuneration comprises a significant proportion of staff remuneration.

The board of the Firm monitor salary levels against the level of variable remuneration.

Identification of Material Risk Takers

The board undertake an annual review of all ICM Capital Limited staff to identify the categories of staff, including senior management, risk takers, staff engaged in control functions and employees whose total remuneration takes them into the same remuneration bracket as senior management and whose professional activities have a significant impact on the Firm's risk profile (collectively, referred to as "IFPR MRTs"). IFPR MRTs are identified in accordance with MIFIDPRU criteria set by the FCA (SYSC 19G.5)

	Senior Management	Other MRTs	Total MRTs
Number of MRTs	3	5	8

Objective of financial incentives

The object of providing financial incentives is to attract and retain suitably qualified and motivated staff, promote behaviour that is aligned to the firm's long-term interests, strategic objectives, and ethical standards. Financial incentives are used to reward individual performance, subject to sufficient liquidity and regulatory capital being available within the Firm.

Governance and decision-making procedures

The Firm is required to implement and maintain remuneration policies, procedures and practices for all directors and employees that are consistent with and promote sound effective risk management.

The policy is intended to cover all aspects of remuneration and has been created in accordance with the MIFIDPRU Remuneration Code (SYSC 19G).

The remuneration practices and policies are intended to:

- promote sound risk management practices in alignment with the Firm's risk management principles;
- discourage risk taking that is inconsistent with the Firm's risk appetite or risk management policies and principles;
- control fixed costs by ensuring that remuneration expense varies according to profitability and does not place undue constraints on the firm's ability to maintain its capital base;
- link remuneration to the Firm's financial and operational performance as well as individual performance;
- provide competitive, but not excessive, levels of remuneration compared to peer firms of appropriate size, scope and complexity; and
- promote a positive culture towards risk management and compliance.

The Remuneration practices and policies are intended to support the Firm's business strategy, long term interests and values, and to ensure that risk taking does not exceed the firm's tolerated level of risk.

Periodic benchmarking ensures that remuneration at individual level is not unreasonable or disproportionate to the amount, nature, quality, and scope of the work performed.

The remuneration policy outlines the criteria used to assess the performance of the Firm and of individual staff members. The firms performance is assessed against overall financial performance and employee retention rates.

In assessing the performance of individual staff members, the Firm takes into account financial and non-financial criteria. Non-financial criteria includes:

- performance in line with firm strategy or values;
- adherence to the Firm's risk management and compliance policies; and
- achieving objectives as set in the previous year's annual appraisal.

Diversity Statement

ICM Capital Limited are committed to providing equal employment opportunities and treatment for all candidates and employees. We are determined to create a work environment free from discrimination. Most importantly, we pride ourselves on our culture, where differences are valued at all levels of the organisation. We believe diversity of thought and background drives innovation and our holistic approach to recruiting allows us to create a diverse and inclusive network of employees across the entirety of the business.

ICM Capital Limited will not tolerate any forms of discriminatory practices or behaviour, and we aim to ensure that all employees, candidates, clients, customers, suppliers and visitors are not treated less favourably, victimised or harassed on the grounds of any Protected Characteristics. Our commitment to diversity and inclusion remains a top priority and we continuously aim to improve our working environment to ensure all employees have the support, recourses, and equity they need to be successful in their roles. In addition, we are dedicated to making reasonable adjustments for all candidates where possible throughout the application process to ensure fairness and standardisation.

Remuneration components

Fixed	Variable
Salary	Discretionary bonus

Quantitative disclosures

Remuneration awarded to all staff "staff" has been interpreted in line with SYSC 19G.1.2.4G

	£(000)s
Fixed remuneration	711
Variable remuneration	(2)
Total remuneration	709