

**HF Markets (UK) Limited**  
**IFPR MIFIDPRU 8 DISCLOSURE**  
**AS AT 31<sup>ST</sup> DECEMBER 2024**

## IFPR MIFIDPRU 8 DISCLOSURE

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## IFPR MIFIDPRU 8 DISCLOSURE

### 1. INTRODUCTION AND DISCLOSURE (MIFIDPRU 8.1)

#### 1.1. Background

HF Markets (UK) Limited (“HF(UK)” or “the Firm”) is a Non SNI MIFIDPRU investment firm. The principal activity of the Firm is to provide liquidity to enable market participants to obtain the best prices in the various assets classes that the Firm covers, regardless of changing market conditions.

HF(UK) is authorised and regulated in the UK by the Financial Conduct Authority (“FCA”), with Firm Reference Number 801701. HF(UK) is a subsidiary of HF Markets Holdings Ltd (Cyprus).

#### 1.1. Purpose and disclosure period

This document sets out the Investment Firm Prudential Regime (“IFPR”) disclosures for the Firm in accordance with the FCA Prudential Sourcebook for Investment Firms chapter 8 (“MIFIDPRU 8”). The disclosures are as at 31 December 2024 (the “Reference Date”) in line with the last set of published financial statements for the Firm.

#### 1.2. Scope of application

HF(UK), as the individual MIFIDPRU Investment Firm, meets the level of application as defined in MIFIDPRU 8.1.7. The disclosure for HF(UK) is prepared on an unconsolidated, solo entity basis.

#### 1.3. Disclosure policy and verification

The prudential disclosures are published annually via the Firm’s external website [www.hfmarkets.co.uk](http://www.hfmarkets.co.uk). The frequency of disclosure will be assessed, should there be a material change in either the nature or scale of the Firm’s activities.

These IFPR disclosures have been approved by the governing body of the Firm and are not subject to audit, except where they are prepared under accounting requirements for publication in the financial statements.

## **2. RISK MANAGEMENT (MIFIDPRU 8.2)**

### **2.1. Risk management overview**

As a MIFIDPRU Investment Firm, HF(UK) is required to establish, implement and maintain adequate risk management policies and procedures which identify the risks relating to the Firm's activities, processes and systems, and then adopt effective arrangements, processes and mechanisms to manage these risks in line with the Firm's risk appetite.

The Firm's risk management framework, policies and processes are considered proportionate to the external and internal context in which HF(UK) operates and ensures the appropriate and timely involvement of stakeholders, which enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.

### **2.2. Risk appetite**

The Board sets a cautious, balanced approach in terms of the risk, cost and perceived benefits, choosing the most appropriate courses of action in order to meet the Firm's business goals, deliver customer satisfaction and maintain regulatory compliance.

As a regulated business HF(UK) is averse to any risks that threaten the Firm's ability to meet legal and regulatory obligations and a cautious appetite to financial risks. The Firm retains a cautious risk appetite with regard to reputational risks, relying on reputation in order to influence and secure the engagement and support of clients, regulators and other stakeholders. HF(UK) has a cautious risk appetite towards sustaining appropriate operational processes, systems and controls to support delivery. The Firm has a minimalist appetite for risks associated with data and BCDR arrangements and the systems and controls in place must reflect this. The Firm has a cautious appetite towards ensuring that the business is protected from organisational or management failures.

### **2.3. Risk assessment**

The risk assessment generally supports the Firm in understanding the potential harm that can be caused to clients, markets or the firm itself as a result of its business activities. Also, as part of the risk assessment, the Firm has also considered its position in the context of its external environment and has assessed more generally those areas that represent a potential significant threat to which the Firm may be vulnerable.

### **2.4. Adequacy of risk management arrangements**

As at the reporting date, the Board considered that it had in place adequate and appropriate systems and controls with regard to the Firm's strategy and that HF(UK) is properly resourced and skilled to avoid or minimise loss.

### 3. GOVERNANCE ARRANGEMENTS (MIFIDPRU 8.3)

#### 3.1. Board roles and responsibilities

The Board is the governing body of the Firm and is responsible for providing oversight and management of the profitable development of the Firm, in accordance with its current strategic plans and objectives. The Board also has overall responsibility for the Firm’s risk strategies and policies and for setting the tone and influence of culture and conduct within the Firm. The Board regularly considers the risks that the firm faces and makes recommendations as necessary in order to enable the Firm to mitigate risks. The Board is accountable for the implementation of governance arrangements that ensure effective and prudent management of the firm, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients.

#### 3.2. Members’ Outside Interests

The Board members have the following number of directorships outside of the Firm:

Name of Director	Number of Non-Executive Directorships	Number of Executive Directorships
Ms Marie Antoinette Boosey	0	0
Mr Peter Romilly	0	2*

*\*For 1 of the Directorship’s interests is outside of the scope of [MIFIDPRU 8.3.1](#) and the other directorship is one other regulated business.*

#### 3.3. Risk, remuneration and nominations

The Firm qualifies under MIFIDPRU 7.1.4R for exemption from the requirement to have a Risk, remuneration and nomination committees as defined in MIFIDPRU 7.3. HF(UK) is not required to meet the provisions under SYSC 19G (MIFIDPRU Remuneration Code) which are not listed in SYSC 19G.1.6R(2). The Board will consider any potential nominations of Directors or Senior Managers.

#### 3.4. Diversity

The Firm recognises the benefits of a diverse workforce and management team in terms of innovation, creativity and decision making. The Board considers diversity in its assessment of potential senior appointments, including those to the Board. Diversity is promoted through a range of firm-wide activities, including hiring practices, senior management objectives, training and awareness sessions and Board level oversight. HF(UK) also recognises this as an area of ongoing development for the Firm and financial services industry generally and will report annually on progress.

#### 4. OWN FUNDS (MIFIDPRU 8.4)

The Firm is required to maintain sufficient capital resources at all times. The table below shows the Tier 1 capital, specifically Common Equity Tier 1 (CET1) capital held by the Firm. The Tier 1 capital correlates directly with externally verified and audited balance sheet totals. The Firm does not hold any Additional Tier 1 or Tier 2 capital.

Composition of regulatory own funds			
	Item	Amount (GBP thousands)	Source based on reference numbers of the balance sheet (below)
1	<b>OWN FUNDS</b>	<b>537</b>	Line 4
2	<b>TIER 1 CAPITAL</b>	<b>537</b>	Line 4
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>537</b>	Line 4
4	Fully paid up capital instruments	2	Line 1
5	Share premium	628	Line 2
6	Retained earnings	(93)	Line 3
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	<b>ADDITIONAL TIER 1 CAPITAL</b>	-	
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	<b>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	-	

The table below shows a reconciliation of the Firm's regulatory Own Funds with its balance sheet from the audited accounts.

<b>Reconciliation of regulatory own funds to balance sheet in the audited financial statements</b>			
		<b>a</b>	<b>c</b>
		<b>Balance sheet as in published/audited financial statements As at 31 December 2023</b>	<b>Cross-reference to template OF1</b>
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial Statements as of 31 December 2024</b>			
	Debtors	245	
	Cash at bank and in hand	312	
	<b>Total Assets</b>	<b>557</b>	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements as of 31 December 2024</b>			
	<b>Trade and other payables</b>	<b>20</b>	
	<b>Total Liabilities</b>	<b>20</b>	
<b>Shareholder's Equity</b>			
1	Share capital	2	Line 4
2	Share Premium	628	Line 5
3	Retained Earnings	(93)	Line 6
4	<b>Total Shareholders' equity</b>	<b>537</b>	Line 3

## 5. OWN FUNDS REQUIREMENT (MIFIDPRU 8.5)

The Firm’s own funds requirement is calculated in accordance with MIFIDPRU 4.3, which states that the Firm’s own funds requirement is the highest of:

- its permanent minimum capital requirement under MIFIDPRU 4.4;
- its fixed overheads requirement under MIFIDPRU 4.5; and
- its K-factor requirement under MIFIDPRU 4.6

A summary of these requirements for the year commencing January 2025 is shown within the table below.

Details	Amount (GBP thousands)
Transitional Requirement under MIFIDPRU TP 2.18R (3)(a)(ii)	470
Fixed overheads requirement (FOR)	104
K-factor requirement:	
- K-AUM, K-CMH and K-ASA	1
- K-COH and K-DTF	1
- K-NPR, K-CMG, K-TCD and K-CON	-
K-factor total	2
<b>Own Funds Requirement</b> (maximum of PMR, FOR and K-factor total)	<b>470</b>

HF(UK) assesses the adequacy of its own funds in accordance with the prescribed permanent minimum capital, fixed overheads and total of the applicable K-factor requirements. In addition, the Firm undertakes an assessment of own funds requirements through its Internal Capital Adequacy and Risk Assessment and other internal processes to identify additional own funds requirements of the Firm as a result of:

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

Whilst no adjustment was made in relation to risks associated with ongoing operations, the Firm adjusted its FOR upwards from the baseline calculation of £89,000 to its gross wind down costs as a result of its wind-down planning. The revised FOR is included within the table above.

### 5.1 LIQUIDITY REQUIREMENT (MIFIDPRU 6.2)

The basic liquid assets requirement is based on a proportion of a MIFIDPRU investment firm’s Fixed Overheads Requirement and any guarantees provided to clients. The purpose is to ensure that investment firms have an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets into cash to meet their liquidity needs.

The Company is required to maintain an amount of liquid assets that is at least equal to the sum of the following:

- One-third of the amount of its Fixed Overheads Requirement, and
- 1.6% of the total amount of any guarantees provided to clients.

The MIFIDPRU handbook defines core liquid assets as any of the following items denominated in pound sterling:

- coins and banknotes;
- short-term deposits at a UK-authorized credit institution;
- assets representing claims on or guaranteed by the UK government or the Bank of England;
- units or shares in a short-term MMF;
- units or shares in a third country fund that is comparable to a short-term money market funds (“MMF”); and
- trade receivables, if the conditions in MIFIDPRU 6.3.3R are met.

In this respect, the Company’s core liquid assets as at 31 December 2024 were well above the 1/3 of the Fixed Overheads Requirement as indicated in the table below:

<b>Item</b>	<b>£'000</b>
Total Core Liquid Assets	233
Basis Requirement (1/3 of Fixed Overheads Requirement)	27
Surplus (Deficit)	206

## 6. REMUNERATION POLICY AND PRACTICES (MIFIDPRU 8.6)

### 6.1. Remuneration policy

The Board considers and agrees the Remuneration Policy for all employees, with particular focus on material risk takers. It ensures that remuneration is aligned to the Firm's business objectives, values, risk appetite, regulatory compliance and long-term sustainable success, in order to support a high-performance culture and drive appropriate behaviours.

The Firm's Remuneration Policy, which is reviewed annually, is designed to adhere to regulatory and legislative principles and aims to recognise the interest of relevant stakeholders of HF(UK) and drive an appropriate risk-based culture within the Firm.

### 6.2. Link between remuneration and performance

Remuneration for the period ended 31st December 2024 consisted of fixed monthly salaries. There was no performance related pay for this period.

### 6.3. Material risk taker remuneration

The table below sets out the aggregate remuneration for senior managers and other material risk takers.

Details	Senior Managers	Other material risk takers
Number of material risk takers	2	-
Fixed remuneration	120	-
Variable remuneration		
- Cash	-	-
- Non-cash	-	-
<b>Total Amount (GBP thousands)</b>	<b>120</b>	<b>-</b>