Singer Capital Markets MIFIDPRU 8 Disclosures

Year End 31 December 2023

1. Introduction

This document sets out the disclosures required under Chapter 8 of the Financial Conduct Authority (FCA) Prudential Sourcebook for MiFID Investment Firms (MIFIDPRU). These disclosures provide information on the risk management framework, governance arrangements, capital adequacy and remuneration practices of the Singer Capital Markets Group (the "**Group**" or the "**Firm**"), in compliance with the Investment Firms Prudential Regime (IFPR).

The principal activity of the Firm is to provide investment banking, trading, market making and research services in UK small and mid-cap companies.

2. Scope of Disclosure

The Singer Capital Markets Group contains two separate operating entities authorised and regulated by the FCA; Singer Capital Markets Securities Limited ("**SCMS**") (FRN: 453676) and Singer Capital Markets Advisory LLP ("**SCMA**") (FRN: 568323). Both SCMS and SCMA are wholly owned subsidiaries of Singer Capital Markets Limited. SCMS is classified as a non-small and non-interconnected firm ("non-SNI firm") whilst SCMA is a small and non-interconnected firm ("SNI firm") under MIFIDPRU.

In this document, unless stated otherwise, disclosures reflect the position as at 31 December 2023 for both SCMS and SCMA in alignment with the Firm's latest published financial statements.

The disclosures required under MIFIDPRU 8 are published annually on the Firm's website following publication on the Firm's annual financial statements. The frequency of disclosures will be assessed should there be a major change to the Firm's business model.

3. Risk Management Objectives and Policies

3.1. Governance

The Board of Directors of Singer Capital Markets Limited (the "**Board**") is the governing body of the Firm and responsible for the long term success of the Group. The Board is responsible for setting the Firm's strategic aims, determining the Firm's risk appetite and ensuring there is a framework of risk management and internal controls within the Group. The Group's operations are managed as a single business and risks are managed across all entities under a single risk management framework ("**Risk Framework**").

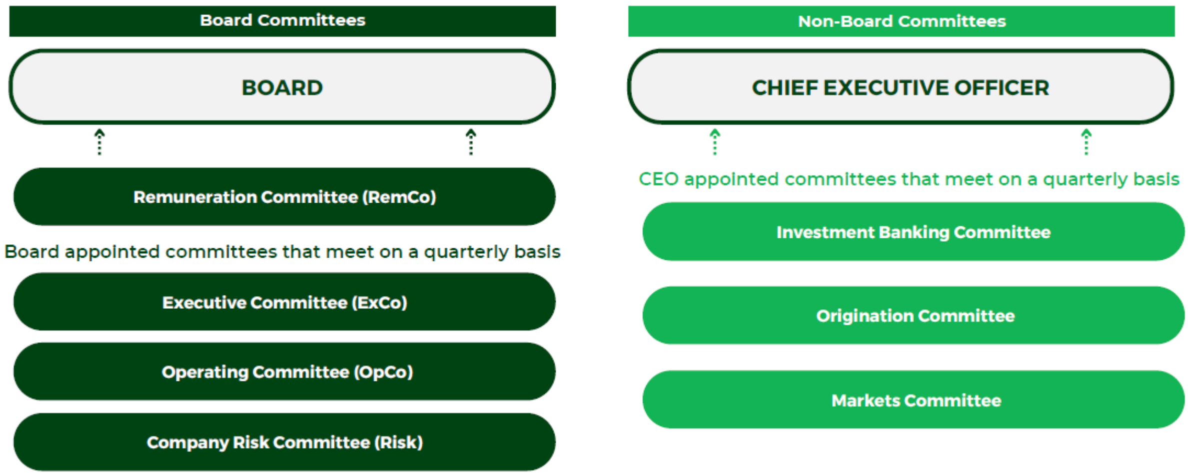
3.2. Board Composition

Director	Role	Appointment Date	Resignation Date
Tim Cockroft	Founder & Exec Chair	23/07/2012	
Steve Pearce	Chief Executive Officer	18/03/2020	
Iñigo de Cáceres	Non-Executive Director	08/04/2016	
Henry Chaplin	Non-Executive Director	23/07/2023	31/07/2024
Conny Dorrestijn Prins	Non-Executive Director	29/10/2024	
Kaushalya Somasundaram	Non-Executive Director	28/10/2024	

3.3. Committees

The day-to-day management of risk has been delegated by the Board to a number of committees and to the CEO and which is underpinned by robust systems and controls which are proportionate to the Firm's risk appetite and to the nature, scope and complexity of the Firm's activities.

The Firm's governance structure is set out below:



3.3.1. Remuneration Committee ("RemCo")

The Remuneration Committee meets at least 3 times a year but also on an ad hoc basis, as required. RemCo has overall responsibility for setting the Group's Remuneration Policy, approving senior compensation arrangements, bonus awards and equity incentives. It is comprised of two Non-Executive Directors (one of which is Chair) and the Executive Chair but will often convene with the full Board present.

3.3.2. Executive Committee ("ExCo")

The Executive Committee has overall responsibility for the execution of the Group's strategy, as determined by the Board, and provides oversight of the Group's day-to-day activities. ExCo meets quarterly and consists of the CEO (Chair), Head of Investment Banking, Head of Trading, Head of Sales, Head of Investment Funds, Head of Research, CFO and Head of HR.

3.3.3. Company Risk Committee ("CRC")

The Company Risk Committee has overall responsibility for identifying, analysing, reporting, and mitigating the key risks of the Group. Key risks include, but are not limited to; Governance, Conduct & People, Technology & Systems Risk, Regulatory & Financial Crime Risk, Capital & Liquidity Risk, Market & Trading, Reputational and Operational Risk. CRC meets quarterly and consists of the CEO (Chair), General Counsel, CFO, Head of Trading and Operations Director.

IFPR specifies that non-SNI investment firms should have a Board Risk Committee, chaired by a non-executive and with a least 50% made up of non-executives. However, MIFIDPRU 7.1.4 states that firms with net assets of below £100m averaged over a 4-year rolling period are exempt from this. The Group's 4-year average of net assets (2020-2023) is c.£44m exempting the Group from this requirement.

3.3.4. Operating Committee ("OpCo")

The Operating Committee is tasked with managing the Group's operational and support workflows. OpCo meets quarterly and consists of the CFO (Chair), Operations Directors, CTO, Finance Manager and General Counsel.

3.4. Risk Framework

The Group's Risk Framework measures and mitigates the risks within each business area documenting the Firm's approach to dealing with those risks as well as monitoring the adequacy of its financial resources. The Risk Framework is reviewed and updated on a regular basis and focuses on:

- Identifying and measuring the specific risk exposures faced by the Group;
- Assessing risks on the basis of their impact and likelihood together with the controls the Group has in place to manage such risks, and;
- Reporting risk exposures to the Board and Company Risk Committee, ensuring appropiate remedial actions have been taken where necessary

3.5. Financial Resources

The Internal Capital Adequacy and Risk Assessment (ICARA) which is approved by the Board is designed to ensure that the Firm maintains sufficient financial resources at all times. The ICARA incorporates stress testing scenarios to ensure that when the Group is exposed to extreme events that appropriate mitigating actions are in place to ensure continued business operations, or in the most extreme cases where it could no longer continue, that it would be able to conduct an orderly wind down.

The Firm assesses the adequacy of its own funds on an ongoing basis using a number of metrics that form the basis of the Group's risk appertite. These metrics include K-factor calculations and headroom above capital and liquidity requirements together with ongoing assessments of risk and any change to the Group's risk profile through the identified key risk indicators and limits.

3.6. Principal Risks

The Group has implemented a robust risk reporting framework for the measurement and reporting of financial risks, specifically for the risks below:

3.6.1. Market Risk

The Group's Market Risk Framework lays out the day-to-day risk management processes regarding the Firm's trading activities.

End of day position limits are set at both trading book and instrument levels. The Market Risk Framework permits temporary flexibilities regarding the pre-defined book limits (escalated for approval on a case-by-case basis), but the aggregate book limits cannot be exceeded without approval by the CEO and Executive Chair. Variations to the aggregate and underlying book limits are subject to the Board's approval. Instrument limits are appraised individually using a limit setting matrix.

3.6.2. Counterparty Risk

The Group provides execution services to professional (typically institutional) clients. Orders received from these clients are monitored on a daily basis and any request to trade outside of a client's normal trading patterns are reviewed on a case-by-case basis.

Counterparties are assigned to risk bands with Daily Trading. End of day Counterparty Exposure Limits are also set. When assigning counterparties to risk bands, the Group takes into consideration the latest published counterparty financial statements, any adverse public news, the level of trade flow, the strength of the relationship and our understanding of the counterparties business.

3.6.3. Liquidity Risk

The Group's Core Liquid Assets are monitored by the Company Risk Committee and is governed by a Treasury Policy.

Facilities are available should the Group need to access additional liquidity.

The Group monitor non-core Liquid Assets in the form or market exposures held in inventory by running periodic liquidation scenarios to measure the impact on the liquidity position.

3.6.4. Concentration Risk

Concentration risk is the risk arising from the Group's exposure to a single client or group of connected clients. To mitigate this risk, the Firm performs a daily risk concentration calculation. Cash deposits which are held at highly rated credit institutions to mitigate this significant concentration risk. The Firm does not have any other significant concentration risks.

3.6.5. Own Funds Risk

To mitigate the risk that there is insufficient capital to support the Group's ongoing business activities and to ensure it meets its regulatory capital obligations, the Firm monitors the adequacy of its capital resources and capital position on a daily basis.

4. Capital Adequacy

4.1. Own Funds

The table below shows the Tier 1 capital, specifically Common Equity Tier 1 (CET1) capital and Tier 2 capital held by the Firm. The Firm does not hold any Additional Tier 1 capital.

Own Funds	**SCMS 31 Dec23 £'000s**	**SCMA 31 Dec23 £'000s**
Share Capital/Members Capital	8	6,239
Share premium	10,065	
Retained earnings	32,623	(1,833)
Total	**42,696**	**4,406**

4.2. Capital Requirements

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 K-factor requirement under MIFIDPRU 4.6;
- its fixed overheads requirement under MIFIDPRU 4.5

A summary of these requirements is shown within the table below.

Capital Requirements	**SCMS 31 Dec23 £'000s**	**SCMA 31 Dec23 £'000s**
Permanent minimum requirement (PMR)	750	75
K-factor requirement (KFR)*	1,744	-
K-CON	10	-
K-NPR	1,699	-
K-DTF	29	-
K-TCD	6	-
Fixed overhead requirement (FOR)*	4,148	1,309
Total (max of PMR, KFR & FOR)	**4,148**	**1,309**

*KFR as at 31 December 2023 / FOR for the preceding year

5. Remuneration Policy

Pursuant to MIFIDPRU 8.6, the Firm is required to disclose qualitative and quantitative details regarding its remuneration policies and procedures which are set out below.

5.1. Remuneration Committee

The Board has appointed a Remuneration Committee (RemCo), chaired by a Non-Executive Director of the Board whose remit covers the supervision and oversight of the Group's remuneration policy. This includes overall responsibility for the implementation of and compliance with the MIFIDPRU Remuneration Code.

5.2. Remuneration Policy

The Board has developed the Group's Remuneration Policy regarding employee remuneration, which is reviewed on an annual basis to take into account relevant regulatory developments. It also reviews and approves compensation decisions made in respect of executive directors and those members of staff determined to be Material Risk Takers ("MRTs") under the FCA's MIFIDPRU Remuneration Code regulations set out at SYSC 19G. The Remuneration Policy is applicable to all of the Firm's staff and is designed to attract and retain high calibre individuals, and to support and encourage employees to fulfil their potential, to deliver their best performance consistently, and to be incentivised to do so by rewarding them for their contribution to the Firm achieving its strategic and financial goals.

The Group's remuneration policy and practices must:

- promote sound and effective risk management;
- have a clear distinction between the criteria that determines fixed and variable pay, with an 'appropriate balance' between those elements;
- be gender neutral and based on equal pay for male and female workers for equal work or work of equal value;
- not affect the Group's ability to ensure a sound capital base.

5.3. Components of remuneration

The Group's remuneration structure is comprised of fixed and variable components.

Fixed: Comprising principally of base salary, determined by the position/role held by an individual, length of service, internal pay relativities and local market salary practices for similar positions ("Fixed Remuneration").

Variable: Comprising of the following two elements ("Variable Remuneration"):

- Employees may be paid a discretionary 'out-performance' bonus ("Out Performance Bonus"). Such Out Performance Bonus is determined on a case-by-case basis and is only payable at the end of the financial period where overall Group performance and profit supports doing so.
- Employees may participate in the Group's 'Profit Share', a variable but non-discretionary quarterly payment to those individuals who are awarded Profit Share points ("Profit Share"). The Group's distribution of Profit Share is mechanical in nature and is driven by the size of the Profit Share pool, based on overall Group performance and profitability, and the number of Profit Share points in issue. Profit Share points are typically awarded or approved by the RemCo at the start of the financial period based on an individual's role, responsibilities and experience.

Total Remuneration is therefore comprised of both Fixed Remuneration and Variable Remuneration ("Total Remuneration").

5.4. Link between variable remuneration and performance

Further to SYSC 19G.4.5R to 19G.4.12G, the Group ensures that fixed and variable components of the Total Remuneration are appropriately balanced. This is achieved by the RemCo ensuring that the Fixed Remuneration component represents a sufficiently high proportion of the Total Remuneration to enable the operation of a fully flexible policy on Variable Remuneration, including the possibility of paying no Variable Remuneration component. The Fixed Remuneration component paid by the Group to workers is in line with known fixed remuneration ranges paid for similar positions in the marketplace at the time of assessment.

The Group sets the appropriate maximum ratios between the Variable Remuneration and Fixed Remuneration components of Total Remuneration.

Where a ratio is exceeded, the RemCo will defer payment of the excess remuneration ("Deferred Variable Remuneration") for a minimum deferred period to ensure effective risk management and to discourage risk-taking that exceeds the level of risk tolerance of the Group. The payment of any Deferred Variable Remuneration may be reduced, in whole or in part, or deferred beyond the minimum deferred period in the event that the RemCo determines, in its absolute discretion that:

- the information or calculation of the Deferred Variable Remuneration was based on a material error; or
- the individual's employment has been terminated for any reason with the exception of redundancy; or
- the individual has given notice of resignation; or
- the individual is in any way connected to a disciplinary proceeding; or
- the Group suffers a material loss, where the individual has been found to be operating outside the risk parameters of their role and/or Group's risk tolerance.

In determining whether to exercise its discretion to reduce or further delay any Deferred Variable Remuneration, the RemCo takes into account all relevant circumstances it has available to it at the time of the assessment and individuals may be given the opportunity to make representations to the CEO and RemCo before a decision is made.

For the avoidance of doubt, Deferred Variable Remuneration payable in future periods shall not count towards the Variable Remuneration paid in that future period and thus shall be excluded when calculating the maximum ratio between Variable Remuneration and Fixed Remuneration for that period.

The RemCo meets at least annually with the CEO, CFO and Head of HR to determine appropriate levels of remuneration for all employees. In determining the appropriate balance between Fixed Remuneration and Variable Remuneration, the Group has regard to:

- the level of pay required to keep and attract experienced and qualified employees;
- any upcoming financial obligations;
- performance KPI's; and
- any other information available to allow a fair process.

5.5. Risk adjustment of variable remuneration

Further to SYSC 19G.6.15 R to SYSC 19G.6.18 R, and in summary, the Group adopts a top-down framework with a multi-year lookback period in respect of remuneration. This ensures that Variable Remuneration is only paid from risk-adjusted profits based upon the performance of the business as a whole, as well as the business line and individual's performance and only after the Group's liquidity and capital requirements have been considered as well as the long-term effects of the investment decisions taken.

The Group ensures its total Variable Remuneration is generally considerably contracted, including through malus or clawback arrangements, where the financial performance of the firm is subdued or negative.

A clawback also applies to the Variable Remuneration paid to certain senior individuals and front office staff in the event that they resign or otherwise leave employment. The clawback provisions may be waived at the Board's sole discretion.

5.6. Key non-financial performance measures

Any Out Performance Bonus award recommendations made by the CEO to the RemCo, take into consideration non-financial performance measures. These measures are linked to core competencies, achievements and behaviours in line with the Group's values and the FCA's conduct rules and guidelines. Both financial and non-financial performance measures are considered in equal measure when reviewing Out Performance Bonus awards.

The non-financial measures used by the CEO when making recommendations to the RemCo to determine individual Out Performance Bonus awards include:

- reputational impact to the Group;
- individual conduct;
- compliance with the Group's policies and procedures;
- contribution to training and development;
- achieving customer outcomes;
- championing the Group's core values in their role;
- contribution to the Group's strategy; and
- contribution to innovation and development.

5.7. Discretionary factors

The performance measures are reviewed by the Board at least annually. The Group's CFO and Head of HR challenge the Board where appropriate to ensure that the RemCo remains effective and in line with the Group's strategy.

5.8. Identification of Material Risk Takers

The total number of MRTs whose professional activities have a material impact on the risk profile of SCMS and SCMA for the year ended 31 December 2023 was 16 employees.

In identifying the MRTs, the Firm complies with the qualitative criteria set out in SYSC 19G.5.3R, which provides that a staff member is an MRT of the Firm where they:

- are a member of the management body in its management function;
- are a member of the management body in respect of the management body in its supervisory function;
- are a member of the senior management;
- have managerial responsibility for business units that provide regulated activities (arranging and dealing in investments):
- have managerial responsibility for the activities of Compliance;
- have managerial responsibility for the prevention of money laundering and terrorist financing; and
- have managerial responsibility for managing information technology, information security and/or outsourcing arrangements of critical or important functions.

The Firm also applies the FCA guidance in SYSC 19G.5.5 to identify the Head of research, head of trading, head of sales trading and the markets strategist as MRTs.

5.9. Quantitative disclosure

The table below sets out the aggregate remuneration for MRTs and Other Staff. Fixed remuneration includes base salaries paid in respect of the year. Variable remuneration includes Out Performance cash bonuses and Profit Share distributions.

For the year ended 31 December 2023 **Amounts in £'000**	**Material Risk Takers**	**Other Staff**
Fixed remuneration awarded	2,103	8,243
Variable remuneration awarded	1,446	3,091
Total amount of remuneration awarded (Fixed + Variable)	**3,549**	**11,334**

There were no guaranteed variable remuneration or severance payments awarded to an individual MRT during the year.

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