



## **1. Introduction**

### **1.1 Purpose and Scope**

This document presents the FCA Disclosure Requirements (previously referred to as the Pillar 3 disclosures) for Global Prime Partners Ltd ('GPP' or 'the Firm') which is authorised and regulated by the Financial Conduct Authority ('FCA'). From 1st January 2022, GPP has been regulated under the FCA's new Investment Firm Prudential Regime ('IFPR') as a Non SNI MiFID investment firm.

This document contains the disclosures required by the FCA rules at MIFIDPRU 8. It requires Non SNI investment firms to publicly disclose certain details regarding capital resources, risk exposures and governance and risk management arrangements.

These FCA requirements are intended to ensure that GPP's disclosures are sufficient to allow participants to form an assessment of the Firm's risk profile and capital resources on a basis comparable with other regulated financial services firms.

### **1.2 FCA Disclosure Policy**

All disclosures, unless otherwise stated, apply as at 31 March 2023 or for the 12 months ending 31 March 2023 in line with the Firm's financial year end. All disclosures are for GPP on a standalone or company basis. Further information on the firm's subsidiaries and associate are included in Note 13 of GPP's 2023 Annual Report and Consolidated Financial Statements.

The disclosures are prepared on an annual basis solely for the purposes of complying with FCA requirements. The disclosures have not been audited and do not form part of the annual audited financial statements of the Firm. However, they are subject to internal review and verification and are approved by GPP's Board of Directors. The Firm may consider it appropriate to publish updated disclosures more frequently should a significant change in business or operating environment require this.

GPP's disclosures are considered to be appropriate to its size and internal organisation, and to the nature, scope and complexity of its activities.

## **2. Governance Structure**

The Board of Directors is the ultimate decision-making body for the Firm. The Board defines the purpose and values of the Firm, develops the Firm's business strategy, and is responsible for directing the Firm's business and the management of risks that arise in the course of doing business. The directors meet regularly and are collectively responsible for ensuring that the Firm's operations are aligned to the strategy, regulatory compliance requirements and good governance practices, including how the Firm will act fairly with all stakeholders. The Board met seven times during the financial year. Meetings are minuted and the Board has a schedule of regular and standing agenda items.

As at 31 March 2023, the number of directorships held by members of the Board outside of the Titan Wealth Holdings Group were as follows:

Name	Position	Directorships Held
Mr J Parker	Executive Director	1
Mr A Unalkat	Executive Director	1
Mr D P Sharp	Executive Director	2
Mr A Best	Chairman	7
Mr K Coveney	Executive Director	0
Mr G C Towers	Chief Executive Officer	1

For details of the directors who held office during the year and up to 31st March 2023 please see the Directors Report included in GPP's Annual Report and Financial Statements.

The Firm is committed to providing equal opportunities and fair remuneration based on role and performance for all staff, irrespective of gender or ethnicity, including at Board level.

The Firm has policies in place for recruitment, equal opportunities, disciplinary and grievance, and remuneration. The Firm recognises the importance of diversity and has started recording and reporting the gender split across GPP.

In order to support effective governance and management of GPP Board responsibilities, the Board has created a committee structure with various delegated authorities. All committees have documented information and escalation paths with scheduled reporting. On occasion additional committees may be established by the Board or management to monitor and investigate a specific topic or issue in more detail.

## 2.1 Board Level Committees

The Audit, Risk & Compliance Committee (ARCC) assists the Board by identifying and assessing the GPP's key current and emerging risks and opportunities, reviewing and monitoring the GPP's risk profile, reviewing significant findings of the external audit, reports of fraud or other financial irregularities, together with management's responses, reviewing and recommending for approval by the Board key risk and compliance policies.

ARCC is also responsible for monitoring the overall financial adequacy of the firm and reviewing the firm's Internal Capital and Risk Adequacy (ICARA) assessments. ARCC is chaired by the Firm's Chairman who was appointed SMF10 (Chair of the Risk Committee) and SMF11 (Chair of the Audit Committee with membership comprising Board level and executive staff).

**Staff Committee:** The Staff Committee is responsible for all aspects of staffing across the Firm, including the remuneration of senior staff in accordance with its delegated authority from the Board. The committee ensures that the remuneration arrangements support the strategic aims of the business, while complying with regulatory requirements including its corporate culture and approach to risk management. It is chaired by the Firm's Chairman with membership comprising Board level and executive staff.

## 2.2 Executive Committees

The Firm has established a number of executive committees to ensure the effective and prudent management of the firm and to assist the CEO in discharging his responsibilities. Members include executive directors and senior managers. They include:

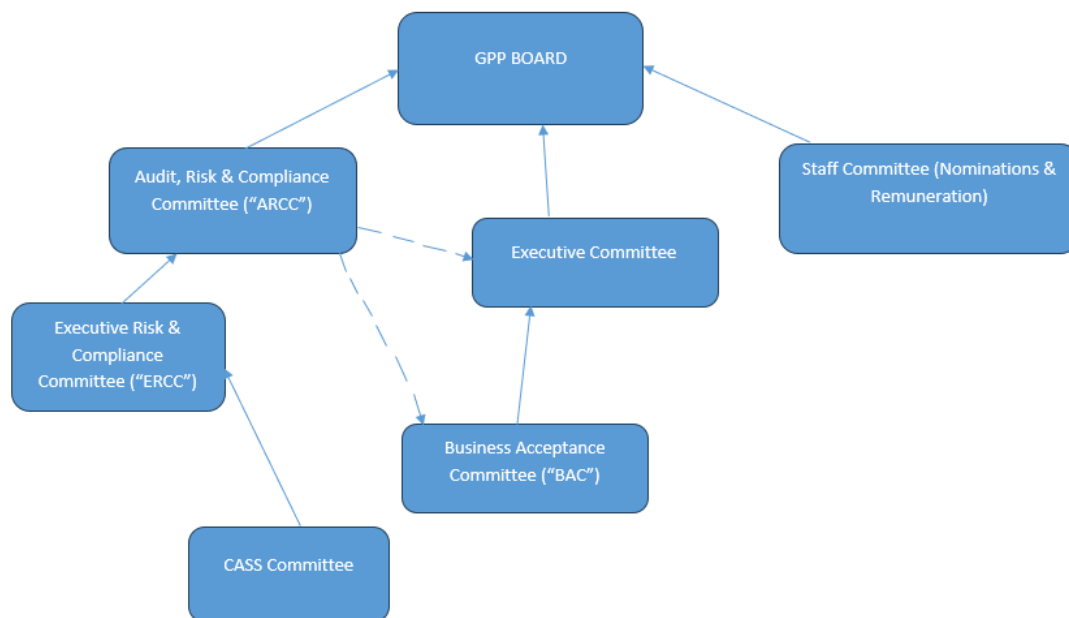
An **Executive Committee** to take such actions as are necessary to execute GPP strategy within its risk appetites. It also monitors financial and operational performance and receives updates from the Head of Risk and Compliance on key matters.

**Business Acceptance Committee (BAC)** to review the business case for potential new clients, new products or services and to review the ongoing suitability of existing clients, products and services.

An **Executive Risk and Compliance Committee (ERCC)** to establish risk limits and other key risk indicators that are consistent with the firm's risk appetites, review the internal control framework design and effectiveness and monitor its overall risk appetite and financial adequacy in accordance with the ICARA process.

A **CASS Committee** that reviews and advises on CASS compliance and CASS risks.

### Governance Structure:



## 3. Risk Management

In order to ensure appropriate management and monitoring of the firm's risk profile, GPP has established the governance framework outlined above. The Board has approved a Risk Management Framework which sets out the Firm's approach to risk appetite, governance and management processes.

### 3.1 Risk Management Framework

GPP's Risk Management Framework ("RMF") defines the firm's approach to risk appetite, governance and management processes. The Risk Management Framework

(RMF) is designed to provide senior management with assurance that risks are being appropriately managed and that the system of internal risk control is adequate, with assurance provided through transparent and objective risk reporting and disclosure. The RMF includes the following components:

- Risk Appetite Statements for each key risk
- Monitoring of Governance and culture of GPP via KRIs
- Defined scheme of risk classification (Risk Taxonomy)
- Maintaining three lines of defence for risk ownership, oversight and assurance
- Risk identification and assessment of probability impact scores via the Risk register
- Risk monitoring and reporting process based on key risk indicators
- Stress testing and scenario analysis

### 3.2 Principal Risks

#### *Credit Risk*

Credit Risk is the risk of default if a client or a counterparty is unable to meet its obligations as they fall due. GPP's main sources of credit risk are:

- Amounts due from its Clearing and Custody Clients: GPP mitigates this risk by requiring transactions to be prefunded and/or appropriate Security Deposits to be lodged. Client accounts are monitored daily to ensure that accounts remain appropriately funded relative to GPP's settlement exposure.
- End service providers are reviewed regularly to ensure their risk profile remains appropriate.
- Cash placed at banks: GPP mitigates this risk by only placing funds with globally or domestically systemic banks.
- The Firm maintains a Credit Risk policy that is reviewed and updated regularly.

#### *Operational Risk*

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. GPP recognises that given the nature of Operational Risk, it is present in all aspects of the business however the manifestations differ by department. In order to appropriately identify, manage and monitor this risk on a firm-wide basis, GPP has implemented a Risk framework with Operational Risk comprising a significant part of the framework since it one of the most material risks for the firm.. Operational risks are logged, analysed by Risk and are reported to executive management via the incident reporting process. Operational incidents with a significant impact, may also be escalated to the ARC and the Board.

The Firm undertakes a risk assessment process annually across all departments to identify potential sources of operational risk, on an inherent basis, including identification of controls with an assessment of the residual risk per event. Residual risks that are determined to have a high impact and likelihood are reviewed with a view to implementing additional controls or strengthening current controls.

To manage, monitor, and mitigate operational risks, GPP has established:

- Annual Risk Assessment using risk matrices
- Security standards for technology infrastructure
- Business Continuity Planning
- Daily reconciliations
- Regular management information and escalation paths for incidents/events

- In-depth analysis of new products or business initiatives

### ***Liquidity Risk***

Liquidity Risk is defined as the risk that a firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due or can only secure such resources at excessive cost. GPP is subject to liquidity risk when it cannot pay monies due to a client, counterparty or creditor, where GPP does not have sufficient money to pay for a share or bond purchase or where liquidity is only available at an excessive cost.

GPP maintains a Liquidity Risk Management Framework and a Contingency Funding Plan which ensures compliance with all relevant MIFIDPRU requirements from 1st January 2022.

### ***Market Risk***

Market Risk is the risk of loss due to adverse changes in the price of financial assets. GPP does not take any proprietary positions and therefore has no direct market risk arising from holding securities or investments. GPP only executes an order in the underlying market once it has received a client order, this process can be considered instantaneous. It is not GPP policy to make money from holding client positions and attempting to hedge at a preferential market rate. GPP may only hold principal positions as a result of settlement mismatches.

GPP exposure to foreign exchange risk on balances held in currencies other than the Firm's functional currency of GBP, is mitigated as fees are predominantly charged in EUR, USD and GBP, limiting the number of currencies GPP has exposure to. Currency exposures are also regularly assessed and large currency balances converted to GBP to prevent the build-up of large currency balances and therefore the potential FX impact.

GPP mitigates its market risk through:

- Daily monitoring of the market value of incidental positions
- Defined FX limits per currency which are monitored daily
- Regular management reporting

### ***Concentration Risk***

Concentration risk is the risk arising from exposures to groups of connected parties, counterparties in the same sector, or counterparties undertaking the same activity. Concentration risks are incorporated into the specific risk assessments for credit, market and operational risk as indicated above.

### ***Interest rate risk***

Interest rate market risk is defined as the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes to the yield curve and volatilities in market interest rates.

The firm does not hold financial instruments and therefore its main exposures to interest rate risk is to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The interest

rates charged to clients on overdrawn balances, cash and stock shortfalls are at a margin over or below relevant market benchmarks for deposits and loans respectively.

### ***Strategic Risk***

Strategic Risk is defined as the risk that the Firm's strategy is not adequately executed or is not appropriate in the operating environment. This includes business risk as being the risk that GPP is not able to earn enough revenue to pay off the expenses of the business. Strategic Risk is mitigated by:

- Articulated business strategy that is cascaded amongst the business
- Monthly financial and operational reviews by executive management
- Regular review of potential opportunities and commercial challenges
- Regular strategic reviews by directors who then take any mitigating actions deemed necessary.

### ***Regulatory Risk***

This is defined as the risk of the effect of changes in laws or regulations that could potentially cause losses to GPP. As an FCA regulated firm, GPP is required to follow all relevant FCA rules and requirements in addition to relevant EU Regulations onboarded by the UK Government. Under GPP's business model the Firm holds customer assets under the FCA's CASS requirements.

The Firm mitigates and controls its regulatory risk through:

- A Compliance monitoring plan designed to cover all regulatory risks
- Relevant policies and procedures covering the Firm's obligations
- Regular management information and updates to executive committees, the ARCC and the Board
- Regular mandatory staff training on Firm and personal obligations and responsibilities

## **4. Internal Capital Management**

The Firm's capital management strategy is to maintain sufficient capital resources for its size and complexity of business both in the present and in order to facilitate future growth.

GPP monitors its financial adequacy regularly and undertakes a formal internal capital and risk assessment at least annually to identify and manage its principal risks and capital requirements in both business-as-usual and stressed scenarios.

This assessment has been conducted in accordance with the FCA's Internal Capital Adequacy And Review Assessment (ICARA) requirements and expectations.

In accordance with the overall financial adequacy rule, GPP manages and monitors its principal risks and considers the impact of stressed scenarios on its requirements to determine the amount of own funds and liquid assets, in terms of both amount and quality, it requires to remain financially viable throughout the economic cycle and to address any material potential harm that may result from its ongoing activities. It also considers the amount of own funds and liquid assets it would require if, for whatever

reason, GPP decided to wind down to ensure that this would be done in an orderly manner, minimising harm to consumers or to other market participants.

#### 4.1. Own Funds as at 31st March 2023

GPP's Own Funds as at 31st March shown were calculated in accordance with IFPR and reconciled to GPP's audited Company Statement of Financial Position as indicated below.

	Item	31 March 2023 £'000	31 March 2022 £'000	Reference to audited financial statements
1	OWN FUNDS	49,118	39,429	
2	TIER 1 CAPITAL			
3	COMMON EQUITY TIER 1 CAPITAL	49,118	39,429	
4	Fully paid up capital instruments	2,093	2,093	As shown in the Company's Statement of Financial Position in the audited financial statement (page 19) and Note 18.
5	Share Premium	127	127	
6	Retained Earnings	47,484	37,874	
7	Accumulated other comprehensive income	-	-	
8	Other reserves	1,323	1,323	
9	Adjustments to CET1 due to prudential filters	0	0	
10	Other funds	0	0	
11	(-) Total Deductions from COMMON EQUITY TIER 1	(1,910)	(1,988)	
19	CET1: Other capital elements, deductions and adjustments	(1,910)	(1,988)	The sum of intangible assets (£1,119K) and investments (£791K) as shown in the Company's Statement of Financial Position (page 18) and notes 11 & 13.

Breakdown by asset & liability classes according to the audited Company Statement of Financial Position as at 31st March 2023		31 March 2023 £'000	31 March 2022 £'000
<b>Assets</b>			
1	Intangible assets	1,119	1,197
2	Tangible assets	212	108
3	Investments	791	791
4	Long-term debtors	658	619
5	Trading assets	154,264	148,963
6	Amounts owed to group undertakings	20,572	3,242
7	Other debtors	308	87
8	Corporation tax repayable	485	209
9	Prepayments	312	358
10	VAT asset	101	88
11	Cash at bank and in hand	1,900	1,736
	<b>Total assets</b>	<b>180,720</b>	<b>157,398</b>
<b>Liabilities</b>			
1	Trade liabilities	(125,291)	(114,564)
2	Trade creditors	(431)	(256)
3	Other taxation and social security	(339)	(159)
4	Other creditors	(315)	(15)
5	Accruals	(3,155)	(948)
6	Deferred tax	(163)	(38)
	<b>Total Liabilities</b>	<b>(129,693)</b>	<b>(115,980)</b>
	<b>Net Assets</b>	<b>51,027</b>	<b>41,418</b>
<b>Shareholders' Equity (Capital and reserves)</b>			
1	Share capital	2,093	2,093
2	Share premium account	127	127
3	Capital redemption reserves	1,323	1,323
4	Profit and loss account	47,484	37,875
	<b>Total Shareholders' equity (Capital and reserves)</b>	<b>51,027</b>	<b>41,418</b>

GPP's share capital consists of allotted, called up and fully paid ordinary shares.



## 4.2 Own Funds Requirement as at 31st March 2023

As at 31st March 2023, GPP had the following minimum capital requirements:

Item	31 March 2023 £'000	31 March 2022 £'000
Sum of K-CMH & K-ASA requirement	2,198	1,834
Sum of K-COH and K-DTF requirement	48	222
Sum of K-NPR and K-CMG requirement	7,220	4,788
Total K Factor requirements	9,467	6,844
Fixed Overheads Requirement	3,951	2,923
Total Own Funds Requirement	9,467	6,844

GPP does not engage in asset management and therefore does not incur a K-AUM requirement. In addition, as a matched principal broker, its only trading book exposures are incidental to its main activities and therefore it does not incur any concentration risks as defined in K-CON.

## 5. Remuneration

In line with MIFIDPRU 8.6 the Firm is required to provide the following disclosures regarding its remuneration policy and practices for those categories of staff whose professional activities have a material impact on its risk profile.

### 5.1 Policy and Governance

GPP has established a remuneration policy in accordance with the FCA's Remuneration Code, which is the responsibility of the Board. The Remuneration Policy is designed to appropriately reward performance and align remuneration with prudent risk management. The policy is aligned to the business strategy, objectives, values and cultural ethos and long-term success of the firm and the interests of clients and various stakeholders. The policy applies to all staff within the firm. The policy ensures that the firm maintains:

- A sound performance management structure for setting goals and objectives which are aligned to individual business functions as well as the broader business strategy.
- The performance framework is measured against the achievement of objectives in line with the expected behaviours as demonstrated in the quarterly and annual appraisal process.
- Compliance with the firm's regulatory obligations.

Additionally, the policy, and the practices supporting the policy, are gender neutral. This reflects the Firm's position as an equal opportunities' employer and its active support of the Equality Act 2010. The policy seeks to ensure all job applicants and employees are treated fairly and on merit, regardless of their race, gender, marital status, age, disability, religious belief, gender identity or sexual orientation. The policy makes clear distinction between the components of remuneration that are fixed and those that are variable.



The Staff Committee has overseen the setting of a maximum ratio between fixed and variable remuneration appropriate to the size of GPP and the nature of its risks and activities. The setting of this ratio aims to support positive conduct and behaviours by ensuring fixed pay levels are set at an appropriately high level relative to the role, and employees are not inappropriately incentivised to achieve variable pay outcomes that may not be in the best long-term interests of the Firm and its clients. All employees receive a market-benchmarked base salary and an employer's pension contribution, with other components of fixed pay being role-dependent. GPP has reduced the number and range of role-based allowances from 2022 in order to simplify pay and increase transparency.

## 5.2 Governance

The Firm's policy has been agreed by the Board in line with the Remuneration principles laid down by the FCA. The Firm has appointed a Staff Committee.

The Staff Committee is chaired by GPP's Non-Executive Director and two other GPP Board directors together with the Head of HR for Titan Wealth Holdings Group. Each committee member has commercial and governance expertise across a number of business areas, including the wealth and asset management sector. During the year ended 31-March 2023 the Committee met on three occasions.

GPP has established a remuneration policy in accordance with the FCA's Remuneration Code, which is the responsibility of the Board. The aim of the remuneration policy and governance framework is to establish, implement and maintain remuneration policies, procedures, governance and practices that: are in line with the business strategy, and the sustained, long-term performance of the Firm; neither encourage, nor reward risk taking outside the Board's appetite; and promote sound and effective risk management.

## 5.3 Link between Pay and Performance

The Compliance and HR team are responsible for the identification of Material Risk Takers (MRT) within the firm.

- An MRT is a staff member whose professional activities have a material impact on the risk profile of the firm or the assets the firm manages.

The remuneration policy of the Firm is intended to ensure that the Firm will attract and retain the most qualified Senior Management Personnel and Directors. The criteria used for determining the remuneration of the Firm's directors are segregated into quantitative and qualitative criteria. The quantitative remuneration criteria mostly rely on numeric and financial data such as the Firm's performance and the individual performance evaluation and ratings of each member of staff whose professional activities affects the risk profile of the Firm. In addition to the quantitative criteria, the Firm has put in place qualitative criteria which include compliance with regulatory requirements and internal procedures, fair treatment of clients and client satisfaction.

In the financial year to 31-March 2023, remuneration for Senior Management and MRT resources comprised base salary, fixed pay c.£1,037k and variable, performance-related pay c.£162k.

The below table outlines the disclosure requirements per MIFIDPRU 8.6.8.

Staff Category	Total number of Individuals	Total amount of fixed remuneration (£ 000's)	Total amount of variable remuneration (£ 000's)	Aggregated Remuneration (£ 000's)
All Staff i.e. Non MRTs / Not SMF	51	2,682	234	2,916
Senior Management (SMF)	6	715	158	873
Other MRTs	4	322	4	327
Total	61	3,719	397	4,116