MIFIDPRU 8 Disclosure

August 2024

Contents

1. Introduction

BTIG Limited ("**BTIG**" or the "**Firm**") is subject to the Investment Firms Prudential Regime ("**IFPR**") and is categorised as a non-small non-interconnected ("**non-SNI**") firm.

The principal activity of the Firm is to provide equity and fixed income agency trading, as well as investment banking services. BTIG is authorised and regulated in the UK by the FCA (FRN 484589).

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"). This includes transitional provisions relating to disclosures as outlined in MIFIRDPRU TP12.

These prudential disclosures are as at 31 December 2023 (the "**Reference Date**") in line with the most recent set of published financial statements for the Firm. These disclosures will be published annually via the Firm's website (https://www.btig.com/disclosures/), or more frequently should there by a material change in either the nature or scale of the Firm.

The IFPR disclosure requirements apply to BTIG on an individual entity basis, and whilst BTIG Limited is part of the BTIG Group, affiliate entities are not considered throughout this disclosure.

The level of disclosure provided is proportionate to the Firm's size and complexity. The audited Annual Report has been externally audited, whereas this document has not been, but it has been reviewed and approved by the Board.

2. Governance

1.1 BTIG Limited Board

The Board of Directors (the "**Board**") is the Governing Body of the Firm and has the daily management and oversight responsibility. It formally meets at least twice a year, and is composed of:

- Luke Hodges, Chief Executive Officer
- David Richards, Chief Financial Officer
- Christopher Rollins, Director
- Richard Jacklin, Director

The role of the Board is to provide strategic leadership of the Firm within a framework of good corporate governance and prudent and effective controls which enables risk to be assessed and managed. The Board is responsible for setting the Firm's strategic aims, ensuring that the necessary financial and human resources are in place for the Firm to meet its objectives, and reviewing management performance.

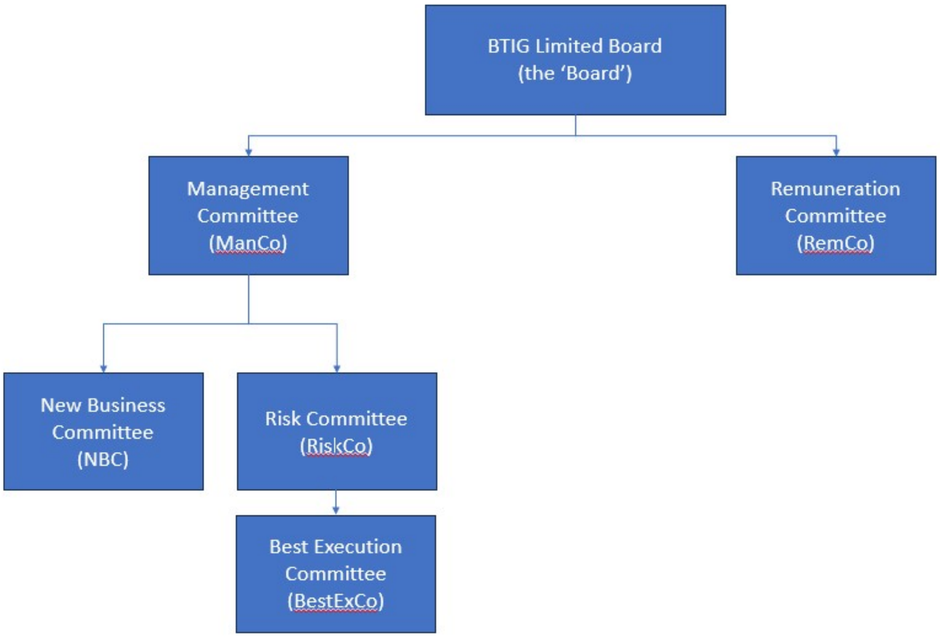
The Board sets the Firm's values and standards and ensures that its obligations to its shareholders and others are understood.

1.2 Committees

The Board of the Firm is responsible for the total process of risk management, as well as forming its own opinion on the effectiveness of the process. The Board, in liaison with the senior management team (the "**Management Committee**" or "**ManCo**"), sets the risk strategy policies.

The Board decides the Firm's appetite or tolerance for risk – those risks it will accept and those it will not take in the pursuit of its goals and objectives. The is documented and approved annually by the Board and is available in the Firm's ICARA.

In addition, the Board ensures that the Firm has implemented an effective, ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to ensure that such risks are actively managed. This is conducted via the Risk Committee ("**RiskCo**"), which is a sub-committee of ManCo.



The Firm's systems of internal control are under constant review and any issues will be reported to the Board as appropriate. The review will cover all material controls, including financial, operational and compliance controls and risk management systems.

The Remuneration Committee ("**RemCo**") meets at least annually and has delegated authority from the Board to oversee the remuneration strategy for the Firm and ensure alignment to our business objectives, values, risk appetite and long-term sustainability. It also oversees succession planning, Board composition and diversity.

1.3 Diversity

BTIG prides itself on being a diverse and inclusive employer. The Firm recognises the benefits of a diverse workforce and management team in terms of innovation, creativity and decision making. Diversity is promoted through a range of firm-wide activities, including hiring practices, training and awareness sessions and Board level oversight.

1.4 Directorships

The total number of executive and non-executive directorships held by members of the Board as at 31 December 2023 are as below.

Director	Position	Number of Directorships
Luke Hodges	Chief Executive Officer	1
David Richards	Chief Financial Officer	2
Christopher Rollins	Director	1
Richard Jacklin	Director	6

All commercial directorships are related to BTIG global entities and hence create no conflicts of interest.

3. Risk Management

The Board regard risk management as an integral element of ensuring BTIG's commercial success, through putting in place a framework that allows BTIG to conduct its business in line with the Board's Risk Appetite. The risk management framework is broad and applies to the entity as a whole. Whilst not all encompassing, the key risks include; market, operational, credit, conduct, conflict, regulatory and AML risks.

The risk management framework includes, but is not limited to:

- The Board's Risk Appetite Statement
- Firm-wide policies and procedures addressing key risks
- Systems and controls to manage risk to within appetite
- Processes to identify, assess and monitor risk exposures
- Management information on risks and levels of exposure which is sent to governance committees
- Segregation of duties and clearly defined roles and responsibilities across the different lines of defence
- Defined escalation procedures
- Training and awareness initiatives to support on-going efficacy of controls

The primary objectives of the Risk Management Framework are to effect:

- A strong risk culture so that employees are able to identify, assess, manage and report against the risks the business is faces;
- A efficient response to risk events and potential issues in order to minimise impact;
- A defined risk appetite within which risks are managed; and
- An appropriate balance between risk and the cost of control.

The Board has ultimate responsibility for the effectiveness of risk management, and this is part of a two lines of defence model as part of a robust governance framework. The Board has established a Risk Committee with the purpose of overseeing the Risk Management Framework and assisting the Board in its responsibilities for the integrity of the internal control and risk management systems. To provide a structured approach to risk identification and classification and to enable the effective monitoring and reporting of risks, the risk framework considers risks under these groupings:

- Credit Risk – is managed through limits and onboarding practices, as well as daily reconciliations and checks conducted by Finance and Operations
- Market Risk – is managed through limits and desk head monitoring and oversight
- Liquidity Risk - is managed by ongoing monitoring of forecast and actual outflows, and maintaining a buffer above the minimum requirements which is set in the Risk Appetite Statements. A liquidity contingency plan is also in place

- Operational Risk – is managed through the operational risk framework where operational risk events are logged and investigated. The inherent risk and residual risk, alongside the design and operating effectiveness of controls is overseen by the Risk Committee and Board
- Business Risk – is overseen by ManCo and reviewed through controls such as the new business process which is overseen by the New Business Committee

4. Capital Adequacy

The Firm maintains sufficient capital resources at all times. Own funds describes the available capital resources of the Firm while own funds requirement describes the capital funds required as a result of the business activities of the Firm.

4.1 Own Funds

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**	14,009	-
2	**TIER 1 CAPITAL**	13,909	-
3	**COMMON EQUITY TIER 1 CAPITAL**	13,909	-
4	Fully paid up capital instruments	0	
5	Share premium	13,235	Statement of changes in equity
6	Retained earnings	674	Statement of comprehensive income
7	Accumulated other comprehensive income	0	21
8	Other reserves	0	20
9	Adjustments to CET1 due to prudential filters	0	-
10	Other funds	n/a	-
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(937)	-
19	CET1: Other capital elements, deductions and adjustments	n/a	-
20	**ADDITIONAL TIER 1 CAPITAL**	0	-
21	Fully paid up, directly issued capital instruments	0	17
22	Share premium	0	-

23	(-) TOTAL DEDUCTION FROM ADDITIONAL TIER 1	0	-
24	Additional Tier 1 : Other capital elements, deductions and adjustments	0	-
25	**TIER 2 CAPITAL**	100	-
26	Fully paid up, directly issued capital instruments	0	-
27	Share premium	0	-
28	(-) TOTAL DEDUCTION FROM TIER 2	0	-
29	Tier 2: Other capital elements, deductions and adjustments	100	-

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

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 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 give 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 statement*				
1	Tangible assets	387	n/a	
2	Debtors (>1y)	550	n/a	
3	Debtors (<1y)	232,076	n/a	
4	Current asset investments	936	n/a	
5	Cash at bank	17,714	n/a	
	Total Assets	251,663		

Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statement*				
1	Creditors (<1y)	237,654	n/a	
2	Creditors (>1y)	100		
	Total Liabilities	237,754		
Shareholders' Equity				
1	Called up share capital	0	n/a	
2	Share premium	13,235	n/a	
3	Profit and loss	674	n/a	
	Total Shareholders' equity	13,909		

Own funds: main featured of own instruments issued by the firm
Ordinary share capital - £25 – called up share capital - perpetual

4.2 Own Fund Requirements

The own fund requirements have been calculated in accordance with MIFIDPRU 4.3.

As at 31 December 2023	£000s	£000s
Permanent minimum requirement (PMR)		750
Fixed overhead requirement (FOR)		6081
Sum of K-factor requirement		
K-AUM, K-CMH and K-ASA	0	
K-COH and K-DTF	423	
K-NPR, K-CMG, K-TCD and K-CON	253	676
Own Funds Requirement (maximum of PMR, FOR and K-Factor requirement)		6081

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 as a result of (i) the material risks associated with ongoing business operations and (ii) those required to facilitate an orderly wind-down of the business.

Own funds requirements are formally reviewed, challenged and approved by the Board on an annual if not more frequent basis. The Firm has assessed its additional own funds requirements using the transitional provisions under MIFIDPRU10 and will in future disclose its own funds requirements using the Internal Capital Adequacy and Risk Assessment process described under MIFIDPRU 7. The Firm has at all times met the own fund requirements since 1st January 2023.

5. Remuneration

For the year ended 31 December 2023, the Firm provides details in relation to Remuneration Code Staff, employees whose professional activities have a material impact on the firm's risk profile, including any employee who is deemed to have a material impact on the firm's risk profile in accordance with the SYSC19G.5. This includes categories of staff, such as senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management.

5.1 Remuneration Policy

BTIG's Remuneration Policy (the "**Policy**"), is designed to adhere to regulatory and legislative principles and aims to recognise the interest of relevant stakeholders and drive an appropriate risk-based culture within the firm. It is reviewed at least annually by the Remuneration Committee.

The Board has delegated authority to the Remuneration Committee to consider and agree the Policy for all employees, with particular focus on MRTs. The Policy ensures 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.

5.2 Remuneration Committee

The duties of the Remuneration Committee ("**RemCo**") are delegated and agreed by the Board and governed by its Terms of Reference. The Committee's main purpose is to consider and agree an appropriate Remuneration Policy for all employees. Furthermore, the Committee has specific responsibility for matters, including Material Risk Taker (MRT) remuneration and identification, workforce remuneration policies, approval and oversight of risk adjustment and ensuring the alignment of variable remuneration outcomes. The Remuneration Committee agree variable remuneration payments prior to these payments being made to employees.

RemCo comprises of: Luke Hodges (CEO), David Richards (CFO), Christopher Rollins (Director of the Board).

5.3 Pay and Performance

BTIG staff trade fixed income and equities, and also offers corporate finance services in emerging markets; hence there is not considerable "long tail" risk of scope for manipulation of performance. Hence, remuneration comprises a fixed and a variable component which is typically paid in the year in which it has been granted.

Fixed remuneration comprises of base salaries which are determined by their roles and responsibilities, length of service in that position, the experience of the employee and local market salary practices for identical positions in similar financial institutions.

The overall compensation mix takes into account the performance of the firm; specific teams' and individuals' performance and the competitive environment. It will always be subject to the approval of the Remuneration Committee.

On a bi-annual basis, an individual's performance is assessed. Assessment is based on all aspects of an individual's contribution to the firm including financial performance, business development and non-financial metrics (such as attitude to compliance and risk, teamwork and broader contributions to the Firm).

5.4 Quantitative Disclosure

The Firm is required to disclose aggregate quantitative remuneration for its code staff for the year ending 31 December 2023 split between fixed and variable compensation.

There was no delayed remuneration and no severance payments to any MRTs.

As at 31 December 2023 – aggregated fixed and variable remuneration (£000s)	Senior Management	Other MRTs
Fixed compensation	1,757	1,063
Variable compensation - Cash - Non cash = ZERO	1,625	490
Total	3,382	1,553
Number of MRTs	10	4

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