



Amius Limited ('AML')

MIFIDPRU Disclosures as at 30 September 2023

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## **1) Introduction**

The Investment Firm Prudential Regime (IFPR) came into effect on the 1<sup>st</sup> January 2022 as a new regime for UK firms authorised under the UK Markets in Financial Instruments Directive (MiFID). The IFPR was implemented by the FCA as prudential regulation within MIFIDPRU, which seeks to address the potential harm posed by investment firms to their clients and the markets they operate in.

MIFIDPRU disclosure requirements improve transparency on the financial resilience and performance of investment firms for market participants as they help address the potential risks not only to consumers but also to the markets.

Key areas that need to be covered under MIFIDPRU 8 (Disclosures) are the following:

- a) Risk Management objectives and policies;
- b) Governance arrangements;
- c) Own funds;
- d) Own funds requirements;
- e) Remuneration policy and practices;
- f) Investment Policy.

The disclosures contained in this document have been approved by Amius's Management Committee.

## **2) Scope and application of disclosures**

The disclosures herein relate to Amius Limited which is a wholly owned subsidiary of Amius Services Limited and its ultimate parent, Amius Group Limited.

Amius Limited is a non-SNI MIFIDPRU Investment firm, incorporated in England and authorised by the FCA under Firm Reference Number 188130.

Amius Limited is required to disclose on an individual entity basis as per MIFIDPRU 8.1.7 and clarified by PS 21/17 paragraph 2.8.

These disclosures are published on Amius's website at least annually in line with the yearly publication of Amius Limited's audited financial statements, with reference date 30<sup>th</sup> September 2023. Revised disclosures will be published should significant changes occur to Amius Limited's business model.

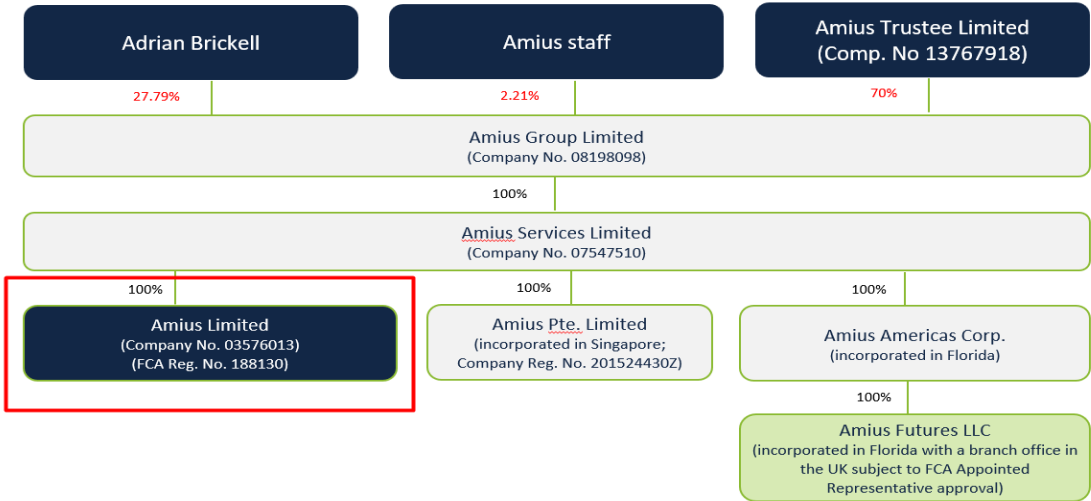
In accordance with MIFIDPRU 8.1.10 and 8.1.13, Amius has followed the disclosure requirements and has methods in place for assessing the appropriateness of its disclosures. Also, in accordance with MIFIDPRU 8 rules, Amius has excluded information considered to be immaterial, confidential or proprietary in nature and will make these non-disclosures clear.

**3) Business and organisational structure**

Amius Limited is part of the wider Amius group which is based in the United Kingdom.

Amius Group Limited and subsidiaries ('AGL or Amius') key activity is the arranging of, and dealing in, bespoke risk management products for agricultural commodities (in the form of un-cleared over-the-counter ("OTC") financial derivative contracts). The Group also offers brokerage execution services for cleared commodity derivatives and foreign exchange ("FX") services. The Group's strategy is to serve its clients by using a boutique based approach, whilst striving to deliver shareholder return. The objective of the risk management solutions employed by the Group's clients is to manage FX and commodity price risk, meet budgets, stabilise price inputs and ultimately secure and enhance profit margins.

As at 30/09/2023 Amius comprises of the following entities:



- Amius Trustee Limited - a dormant / non trading entity established as a trustee of the Amius Employee Ownership Trust which owns the majority of AGL's capital on behalf of and for the benefit of the Amius employees;
- Amius Group Limited – a UK holding company which employs all of Amius’ UK based staff and ultimate financial and regulatory consolidation point;
- Amius Services Limited – consolidation point for accounting purposes;
- Amius Limited – an FCA regulated entity (FRN 188130) which specialise in providing Over-the-Counter (OTC) financial derivative risk management structures and brokerage execution services to the commodity sector. The entity is classified as a Non - SNI MIFIDPRU Investment firm;
- Amius Pte Limited – Asia sales representative office;

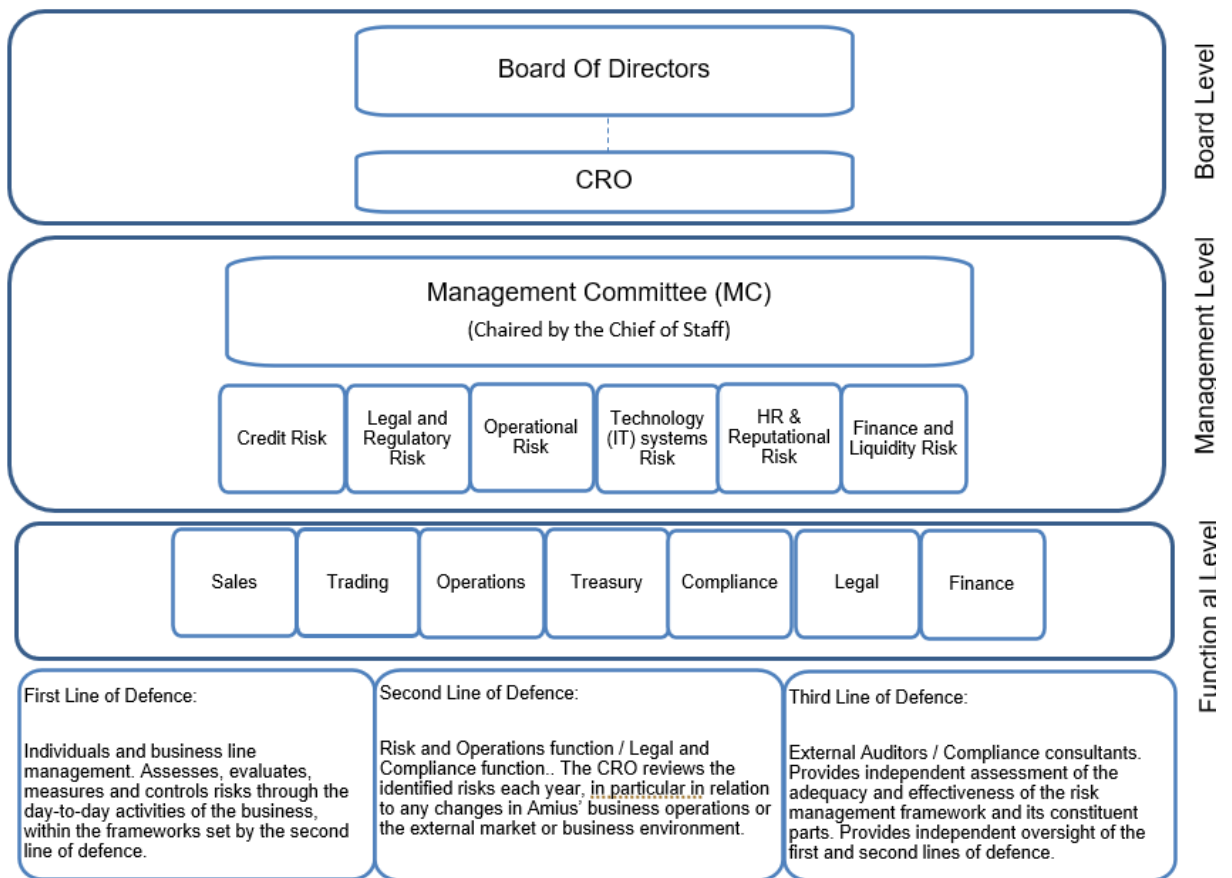
- Amius Americas Corp – consolidation point for US tax purposes
- Amius Futures LLC – an NFA regulated entity which provides brokerage execution services. The entity is a \$45k firm.

#### 4) Governance arrangements

##### Overview

Amius’ risk group (and by extension AML) has been established in the classic three lines of defense structure. Oversight comes from the Chief Risk Officer who reports into the CFO and the Board, with major risks identified and managed according to policy requirements. Major risks have explicit committees responsible for providing relevant oversight, reviewing the routine risk management reports and ensuring that policy requirements are put into practice. The Management Committee is responsible for the implementation of day to day risk management.

Amius operates a “Three Lines of Defence” model which ensures risk accountability at all levels of the risk management structure.



Board of Directors

Amius’ Board of Directors is comprised of:

- Chief Executive Officer;
- Chief Technology Officer; and
- Chief Financial Officer

The Board is collectively responsible for:

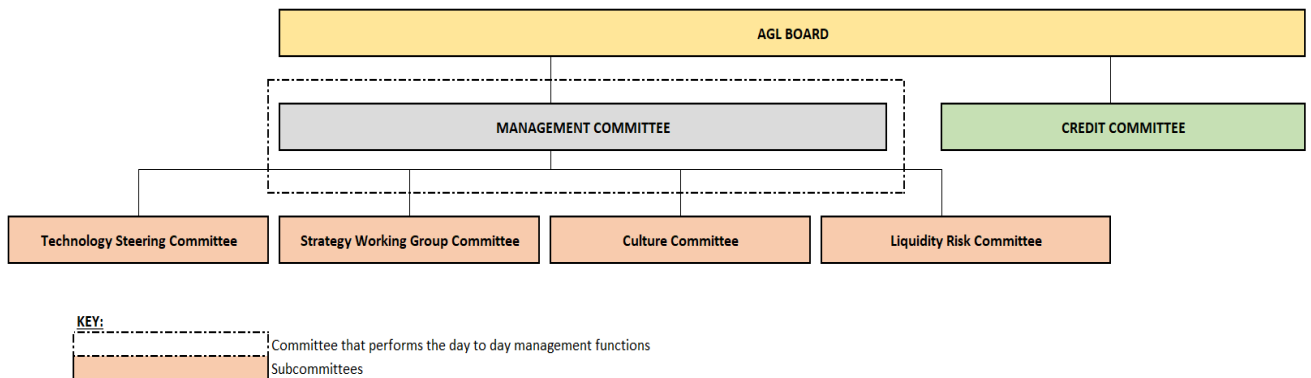
- setting an appropriate risk strategy and appetite;
- promoting a comprehensive risk culture and awareness;
- monitoring the implementation of the risk strategy;
- ensuring the independence of the control functions such as Compliance and Risk; and
- verifying that independent control functions operate correctly and effectively.

Management Committee (“MC”)

Amius’ MC, acting under the Board’s delegated authority, ensures that the risk management framework and risk culture of the Amius Group is fully integrated and cascaded down to AML.

The Committee is led by the Chief of Staff and attended by the Heads of Departments. Amius Limited currently does not have a separate Risk Committee (and it is not required under MIFIDPRU 7.3.1 to establish one), but the MC may delegate review and monitoring to the other established Sub Committees.

Subcommittees:



Directorships

AML does not have any non-executive directors. The table below shows the executive directors at AML as at 30/09/2023:

Director	Role	External Directorships
Adrian Brickell	CEO	1
Matthias Bormann	CFO	0
Alan Ng	CTO	0

Directorships held within the same group are counted as a single directorship and those in non-commercial organisations are excluded (MIFIDPRU 8.3.2).

### Diversity

Diversity is promoted through a range of firm wide activities, including hiring practices, senior manager objectives, training and awareness sessions, and is monitored by the Board and the Management Committee.

### *Risk Reporting and Measurement*

Amius risk management is the backbone of its business, providing oversight and control to ensure that P&L is appropriate and commensurate with the risks it introduces. Risk is managed actively through different market, credit, liquidity and operational events using control frameworks and escalation lines that are standard throughout the industry.

Amius sets its risk appetite using a Board level risk policy document, which sets the principles and specific risk appetite to be followed by the business and enforced by risk management.

### **Credit Risk**

Amius has minimum stipulations on counterparty standards for on-boarding, including financial statements stretching back a minimum of 3 years and demonstrable credit and EBITDA stability within a prospective firm. IM, VM and maximum position limits are set reflecting a counterparty's creditworthiness, with standard Amius Terms of Business enabling appropriate changes to be made contingent on counterparties improving or declining in credit standing. While exceptions to policy can be made when there is a compelling business reason to do so, resulting IM, VM and maximum position limits are commensurately tighter for exceptions and frequently set at zero. Amius uses industry standard risk models to assess its exposures with Amius designed and maintained systems producing all necessary risk metrics required by credit risk and senior management.

### **Liquidity Risk**

Amius maintains and applies a detailed liquidity risk policy framework that covers both regulatory requirements on liquidity risk, as well as requirements specified by the Firm's Liquidity Risk Committee. Liquidity risk is monitored daily with clear lines of escalation to senior management in the event of a liquidity concern arising. Liquidity Risk is modelled at the *severe but plausible* level using a VaR model calibrated to the 99.6% confidence level. There are a series of limits enforced by the liquidity risk management framework which gradually highlight increasing levels of liquidity risk. In addition to this, if a hard limit is breached, this triggers an explicit liquidity risk management plan that is designed to return Amius to a safe level of liquidity risk.

### **Operational Risk**

There are multiple operational risks at Amius that are a staple of any intermediating broker, ranging from trading & booking risks, to ever-changing cyber risks, to standard technology issues. Amius has a detailed

operational policy that stipulates how operational risks should be managed within Amius. Alongside the policy document are established processes that are reviewed versus policy requirements to ensure that these requirements are being met by Amius’ day-to-day operations. This process of review is overseen by the CRO and Head of Operations. Emerging operational risks or identified gaps are dynamically managed and logged, with a cyclical *lessons learnt* process used to drive continual improvement in how Amius manages its operational risks. The management of operational risk includes a detailed Business Continuity Plan.

**Market Risk**

Amius monitors and manages its market risk using an aggregated stress-scenario based model. The stresses applied are standard one day 5% dislocations, although our systems can implement stresses of any size as and when required by risk management. Key risk factors are stressed individually by the scanning range and the results are aggregated into a market risk report that is sent to trading and risk management. This report is re-produced at varying times during the day, with risk and senior management having oversight and control over the market risks that can develop from time-to-time when facilitating client OTC business. Appropriate limits are set and enforced by risk management for the market risks inherent in the Amius trading book.

**Total Own Funds**

The following tables below, in compliance with MIFIDPRU disclosure requirements, disclose:

- 1) the composition of Amius Limited’s own funds – OF1;
- 2) a reconciliation of own funds to the capital in the balance sheet per the audited financial statements of the firm – OF2; followed by
- 3) a description of the main features of the CET1 capital issued by the firm- OF3.

The tables are based on Amius Limited audited Financial Statements as at 30<sup>th</sup> September 2023.

<i>a. Own Funds - OF1</i>	<b>30/09/2023</b>	<b>Source**</b>
	<b>(£/000)</b>	<i>\$1=£0.81971</i>
		<i>as at 30/09/2023</i>
<b>Tier 1 Capital</b>	<b>41,936</b>	
<b>Common Equity Tier 1 Capital (CET1)</b>	<b>33,329</b>	
<i>Fully paid up capital instruments</i>	<i>12,296</i>	Note 15 – Share capital
<i>Retained earnings</i>	<i>*29,640</i>	
<b>Total deductions from CET1</b>	<b>-352</b>	
<i>CET1: Other capital elements, deductions and adjustments</i>	<i>-352</i>	Note 10 – Intangible Fixed Assets
<b>Additional Tier 1 Capital</b>	<b>0</b>	
<b>Tier 2 Capital</b>	<b>0</b>	
<b>Total Own Funds**</b>	<b>41,936</b>	

\*=Includes non-audited profit which were subsequently audited and approved on 14/12/2023

\*\*= based on reference numbers/letters of the balance sheet in the audited Financial Statements



Amius Limited's own funds comprise exclusively of CET1 capital consisting of fully issued ordinary shares. In accordance with MIFIDPRU 8.4, Amius does not hold hybrid capital and capital instruments.

<b>b. Own Funds: Reconciliation of regulatory own funds to balance sheet in the audited financial statements – OF2</b>	<b>30/09/2023</b>	<b>Under regulatory scope of consolidation</b>	<b>Cross reference to template OF1</b>
	<b>(£/000)</b>		
<b>Assets</b> - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1. Intangible fixed assets	352		Item 3 - Intangibles
2. Tangible fixed assets	165		
3. Debtors: amount < 1 year	107,045		
4. Cash at bank	23,661		
<b>Total Assets</b>	<b>107,563</b>		
<b>Liabilities</b> - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1. Creditors: amounts < 1 year	65,627		
<b>Total Liabilities</b>	<b>65,627</b>		
<b>Shareholders' Funds</b>			
1. Share Capital	12,296		Item 1 - Fully Paid Up Capital Instruments
2. Profit and loss account	29,640		Item 2 - Retained earnings
<b>Total Shareholders' Funds***</b>	<b>41,936</b>		

\*\*\*= the difference between Shareholders Funds and Own funds is due to Intangible fixed assets as the latter needs to be deducted for regulatory purposes.

**c) Own funds: main features of own instruments issued by the firm – OF3**

The table below provides information on the CET1 Instruments issued by AML:

<b>FEATURES</b>	
Issuer	Amius Limited
Public or private placement	Private
Instrument type	Ordinary share
Amount recognised in regulatory capital (as of most recent reporting date)	£12.296m (equivalent of USD 15m)
Issue price (USD whole number)	1
Redemption price	N/A
Accounting classification	Shareholders' Funds
Original date of issuance	01 December 2014
Perpetual or dated	Perpetual
Maturity date	N/A
Subsequent call dates, if applicable	N/A
Convertible or non-convertible	N/A
Write-down features	N/A
Link to the terms and conditions of the instrument	N/A

**5) Own Funds Requirement**

Amius Limited, a Non SNI Investment firm, calculates its own Funds requirement as the higher of:

- (a) Permanent minimum capital requirement (PMR) of £750,000;
- (b) total K-Factor requirement \*; and
- (c) the fixed overheads requirement.

\* = Amius Limited has decided to calculate its K-Factor requirements (MIFIDPRU 4.6) by applying the alternative requirements as per TP 2.7. This is calculated as 2 x variable capital as per GENPRU 2.1.45.

<b>Own Funds Requirement - £/000</b>	<b>30/09/2023</b>
<i>PMR</i>	<i>750</i>
<i>Alternative Own funds requirements (TP 2. 7)</i>	<i>23,276</i>
<i>Fixed Overhead Requirement</i>	<i>2,184</i>
<b>Total Own Funds Requirement - Higher of</b>	<b>23,276</b>

*Overall Financial Adequacy Rules (OFAR) – Overall Compliance*

Under MIFIDPRU 7.4.7, Amius Limited need to ensure that the firm holds own funds and liquid assets that are adequate both in their amount and quality. Hence, these have been reviewed as part of the ongoing process under the new ICARA.

Own Funds Adequacy and monitoring

In terms of own funds, AML has more than sufficient capital to address any potential harm that may result from its ongoing activities.

Furthermore, Amius’s approach to ensuring that it has appropriate own funds is aligned with the firm’s strategy and risk appetite. All identified key risks are individually assessed and escalated to the Management Committee as required.

Liquid Assets Adequacy and monitoring

All liquid assets held by Amius meet the core liquid assets (cash at bank) definition and are deemed to be more than sufficient to withstand severe but plausible scenarios. Amius has in place key controls that ensure that:

- the BLAR (Basic Liquidity Assets Requirement) is met;
- the liquidity risk is monitored on a daily basis and that the firm has enough cash to withstand severe but plausible stresses during end of day and intraday.

Furthermore, compliance with the liquid asset threshold requirement is assessed on an ongoing basis. This is determined as the sum of the BLAR and any additional liquid asset requirement as per the ongoing ICARA process.

#### Wind-down

Amius has a Wind down plan (WDP), which provides an overarching governance framework for the process of ceasing its operations while ensuring minimal adverse impact to clients, markets, or the entity's counterparties. The WDP provides a detailed guide and practical steps to assist Amius's Board and its members in making timely and effective decisions to wind down AML in the event of a severe financial stress. The WDP includes key actions and a timeline from when a Point of Non-Viability ("PoNV") metric is triggered, which determines a wind-down event, through to the preparation, execution and endpoint of the process. The WDP is reviewed and updated annually. The Board has assessed the viability of its wind-down plan and it is deemed that the firm would be able to do so in an orderly manner, minimising harm to the markets.

#### Review and approval of ICARA

The ICARA is reviewed, challenged and approved annually, or more frequently if fundamental changes to the business require it, by the Management Committee.

### **6) Remuneration**

As a MIFIDPRU Investment firm (Non – SNI), Amius is subject to the FCA rules on remuneration set out in MIFIDPRU 8.6. The Remuneration Policy is reviewed on an annual basis.

#### Remuneration philosophy and objectives

At the heart of Amius' Remuneration Policy is the need to ensure that the structure of an employee's remuneration is consistent with, and promotes, effective risk management whilst at the same time being able to attract, motivate and maintain high-calibre employees. It has not been designed to incentivise or encourage any excessive risk-taking activity.

#### Governance

Whilst appreciating the contribution that can be made by a Remuneration Committee, Amius aren't required to establish one in accordance with MIFIDPRU 7.3 and furthermore considers that such a body would not be proportionate given the size of its organisation. Instead, Amius' Board undertakes the responsibility of determining staff remuneration levels, acting in compliance with the Code.

#### Remuneration structure

Amius' staff salaries are an appropriate balance between fixed and variable remuneration to ensure individuals are not dependant on variable remuneration to an extent likely to encourage risk taking outside the risk appetite of the firm. An employee's annual salary which is pre-determined and not dependant on performance is their fixed remuneration. Staff are also provided with a competitive package of benefits including a pension scheme. With regards to variable remuneration, Amius offers a discretionary cash

bonus, which is paid in deferred instalments, depending on both their own individual performance (using both financial and performance metrics) and that of Amius. The performance criteria that are considered are:

- Adherence to the firms risk management and compliance policies;
- Measures relating to building and maintaining positive customer relationships and outcomes such as positive customer feedback; and
- Performance in line with the firms strategy and values e.g. by displaying leadership, teamwork or creativity.

The Board also considers how Amius' interests can be realised by a strong cultural core and therefore, in addition to an individuals performance, staff are rewarded based on good conduct and compliance (using compliance and risk metrics).

Amius' Board set aside a proportion of the firm's profits to form a bonus pool out of which variable remuneration awards will be made. The size of the bonus pool will be at the discretion of the Board, and duly recorded, giving due consideration to both the need to incentivise personnel and to the current and future risks faced by the firm. It is unlikely that any awards will be made in the event of Amius making a loss subject to Amius paying any awards which it has committed to pay in the previous period.

#### Material risk takers

Amius has established a formal identification framework, in line with the MIFIDPRU Remuneration Code, to identify employees whose professional activities have a material impact on the Group's risk profile ("material risk takers" also referred to "MRTs"). This framework complies with the criteria set out in FCA SYSC 19G.5.3-5.5, and takes into consideration any additional internal criteria that may be required. During the year, Amius employed a total of 19 Code Staff; 11 individuals were categorised as senior management (being the Executive and Non-Executive Directors and members of the Management Committee) and 6 individuals categorised as other Code Staff. Amius' MRTs are assessed on an annual basis.

#### Non-standard forms of variable remuneration

There are also instances where Amius may offer non-performance related variable remuneration (MRTs only) which is also subject to the risk adjustment provisions outlined above:

- a) Guaranteed variable remuneration: The firm does not permit guaranteed variable remuneration (sign-on bonus, golden handshake or lost opportunity award to MRT unless:
  - i) it occurs in the context of hiring a new MRT
  - ii) Limited to the first year of service
  - iii) The firm has a strong capital base
- b) Retention awards: These will only be granted:
  - i) after a defined event
  - ii) at a specified point in time.
- c) Severance Pay: Other than for contractually mandated notice periods, is only at the firm's absolute discretion.

## Risk Adjustment

All staff's (MRTs and non-MRTs) variable remuneration is subject to ex post risk adjustment mechanisms to adjust their remuneration up to 100% to take account of a specific crystallised risk or adverse performance outcome. This risk adjustment can be applied collectively at bonus pool level, to groups of employees and to individuals. These adjustments include:

- a) Malus – Amius reserves the right to reduce or cancel any unvested deferred element of variable remuneration before the remuneration vests if there are adverse conduct issues or if their behaviour adversely affects the firm's performance; and
- b) Clawback – Amius reserves the right to clawback any awarded variable remuneration after pay-out are required to repay the amount they have received) if adverse conduct issues come to light after pay-out or the firm's performance is discovered to have been adversely affected by the actions of the relevant MRT.

*\*This is a non-exhaustive list and the Board have full discretion to introduce additional criteria where appropriate.*

The Board are responsible for identifying and deciding cases that may trigger the use of ex-post risk adjustment and will impose reductions as soon as reasonably possible.

Remuneration awarded for Financial Year Ending 30 September 2023:

	<b>Senior Management</b>	<b>Other Material Risk Takers (MRTs)</b>	<b>Other Staff (NON MRTs)</b>
No of staff	5	14	54
<b>Type of Remuneration</b>	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
Fixed Remuneration	1,088,515	1,620,137	2,105,044
Variable Remuneration	2,407,500	1,404,400	776,225
<b>Total Remuneration</b>	<b>3,496,015</b>	<b>3,024,537</b>	<b>2,881,269</b>

### **7) Non - Applicable disclosures**

The following disclosure specified in MIFIDPRU 8 is not applicable to Amius:

- MIFIDPRU 8.7: 'Investment policy'.