

## IFPR: MIFIDPRU annual disclosures

Globacap Limited

Applicable with effect from 31st March 2024



# Introduction

## Purpose and Background

### Purpose

This document sets out Globacap Limited's public disclosures about Risk Management, Governance Arrangements, Own Funds and Own Funds Requirements as required under MIFIDPRU on 31 December 2023.

### Background

The Investment Firms Prudential Regime (IFPR) came into effect on the 1st of January 2022 as a new regime for UK firms authorised under the Markets in Financial Instruments Directive (MiFID). The IFPR was implemented by the Financial Conduct Authority ("FCA") as a 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 market participants' transparency regarding how firms are run.

## Table of Contents

|   |    |
|---|----|
| 1. Basis of Disclosures .....           | 4  |
| 2. Governance Arrangements .....        | 7  |
| 3. Globacap Limited's Own Funds .....   | 9  |
| 4. Group Remuneration Disclosures ..... | 13 |

# 1. Basis of Disclosures

## Scope and Application of Disclosures

The disclosures in this document relate to Globacap Limited (the “Company”), a non-SNI MIFIDPRU Investment firm incorporated in England and authorised by the FCA. Globacap Limited is a subsidiary of Globacap Technology Limited, (together referred to as the “Group”) a SaaS provider to private capital markets.

These disclosures are published at least annually in line with the annual publication of Globacap Limited's audited financial statements, with reference point 31 December 2023. Revised disclosures will be published should significant changes occur to Globacap Limited's business model. None of the disclosures have been audited and have been produced solely to satisfy the MIFIDPRU requirements.

These disclosures are published on the Globacap Limited website: [www.globacap.com](http://www.globacap.com)

## Risk management objectives and policies

Globacap's risk management framework is designed according to the principles outlined in the Internal Capital Adequacy and Risk Assessment (ICARA) process. Our board of Directors oversees this framework, which our dedicated Risk Management function implements.

## Risk management roles and responsibilities within the Group

Timely and transparent information sharing is key to engaging stakeholders in material decisions and strategy discussions, bringing rigour and discipline to decision-making. This leads to the timely identification, escalation, and resolution of issues. It also encourages open communication, independent challenge and a clear understanding of the key risks faced by our organisation. Thus, we ensure that our employees are equipped and empowered to make decisions and take action in a coordinated and consistent manner supported by a robust monitoring and control framework. The head of our risk management function is an independent senior manager. They or an alternate present to the Globacap Limited Board and the Globacap Technology Ltd Risk and Audit Committee, with direct communication channels to the Independent Non-Executive Directors of Globacap Technology Ltd Board to escalate any material risk issues. The Audit and Risk Committee is an escalation point for any significant Globacap Limited risks or issues.

## MIFIDPRU 4 – Own funds requirements; Risks to Clients, the Firm and the Broader Market

The own fund's requirements in MIFIDPRU 4 require Globacap Limited to hold a minimum amount of own funds to address potential material harms arising from MiFID activities and to minimise the potential material harms arising from a wind-down. Globacap Limited's own fund's requirement is driven by its Fixed Overhead Requirement as of 31 December 2023.

The table below summarises our risk profile and the potential for harm arising from our business strategy to our clients, the broader market or the firm itself. High-level descriptions of the processes and controls in place to mitigate and manage those harms to an acceptable level are also included. These help us manage our risks in line with our Risk Appetite Statement:

We will minimise the harm we may cause our clients, the market and our firm due to our business model and the inherent risks arising from our activities.

## Statement of Potential Harm – Business Strategy

Globacap's core business activities include Software as a Service and hosting Private Capital Markets transactions; these activities pose inherent risks, including:

- **Operational Risk:** Potential losses from errors, omissions, system failures, fraud, or external events disrupting our business operations.
- **Financial Crime Risk:** The risk of financial loss or reputational damage resulting from intentional acts aimed at deriving financial benefit in violation of the law or regulations. These can include fraud, money laundering, bribery, corruption, market manipulation, and sanctions violations.
- **Cyber Risk:** The risk of financial loss, data breaches, operational disruption, or reputational damage resulting from cyber threats such as hacking, malware attacks, phishing scams, or system vulnerabilities.
- **Capital Risk:** The risk of insufficient capital to absorb unexpected losses or support business growth, potentially leading to regulatory non-compliance, operational difficulties, and damage to reputation.
- **Liquidity Risk:** The inability to fund obligations or access capital markets as needed, potentially resulting in forced asset sales at unfavourable prices.
- **Credit Risk:** Potential losses due to the failure of counterparties to meet their financial obligations.
- **Business risk:** The risk of losses incurred during unfavourable or volatile market conditions.
- **Reputational Risk:** The risk that an incident could result in the Company's clients', counterparties or regulators adopting an adverse perception of the Company.

## Risk Appetite

Globacap Limited establishes a risk appetite statement that the Board approves. This statement defines our tolerance for different types of risk and guides decision-making across the organisation. It is regularly reviewed and updated to reflect changes in business or the external environment.

## Monitoring and Effectiveness

The Risk Management function, in collaboration with Business Units, regularly reviews risk metrics, stress test results, and emerging risk factors. We have a process for escalating risks that approach or exceed tolerance levels, resulting in management actions, strategy adjustments, or Board-level attention as required.

Globacap Limited's commitment to prudent risk management is essential for client protection and sustainable growth. This disclosure provides an overview of key components of our risk management approach; further details may be available upon request.

## MIFIDPRU 5 – Concentration risk

Globacap Limited does not operate a trading book or deal on its own account, and therefore it has no concentration risk exposures as defined in MIFIDPRU 5.3 to 5.10. However, Globacap Limited is exposed to concentration risk relating to fee revenues associated with key clients and when Globacap Limited's own cash is held on deposit with banks. Diversifying our client base further through winning new business, together with our client relationship functions who work to ensure we continue to meet clients' objectives and provide them with the level of service they require, helps to mitigate concentration risk and the potential financial harm it can cause the firm. Any deposit concentration risk is managed following diversification and counterparty limits in order to reduce the financial harm it could cause the firm.

Concentration risk is considered within the ICARA process in stress tests and capital planning scenarios.

### Concentration Risk

- **Objective:** Avoid excessive exposure to any counterparty, asset class, or market sector.
- **Process:** We establish and monitor concentration limits at the client portfolio level and within our trading positions. These limits are subject to the regular review of the Risk Management function and stress testing.

## MIFIDPRU 6 – Liquidity risk

Liquidity risk may arise due to Globacap Limited being required to pay its liabilities earlier than expected because of any inability to realise assets to meet obligations as they fall due, or only being able to realise assets by suffering financial loss. These potential financial harms to Globacap Limited and any associated harms to clients (including service providers and vendors) should payments be delayed are mitigated through monitoring and managing liquidity in line with Group policy and by contingency funding arrangements.

Liquidity risk is also considered within the ICARA process through requirements, stress tests and indicators.

### Liquidity Risk

- **Objective:** Maintain sufficient liquid assets to meet our obligations and financial commitments under both normal and stressed market conditions.
- **Process:** We conduct liquidity stress tests, model cash flow projections, and maintain diverse funding sources. Treasury and Risk Management functions collaborate closely to set liquidity targets and manage asset/liability mismatches.

## 2. Governance Arrangements

### Globacap Limited

Globacap Limited is committed to robust corporate governance as the foundation for the effective management of our business and in line with regulatory expectations. This disclosure outlines our internal governance structures.

#### Board

- **Board Oversight:** The Globacap Limited Board of Directors oversees and is accountable for implementing our governance framework in compliance with SYSC 4.3A.1R. This includes:
  - Defining our business strategy and risk appetite.
  - Overseeing risk management structures and processes.
  - Ensuring appropriate segregation of duties and conflict of interest prevention.
  - Promoting market integrity and client protection.

### Globacap Technology Limited

#### Board

- **Board Oversight:** The Globacap Technology Limited Board of Directors oversees and is accountable for implementing our governance framework  
This includes:
  - Defining our business strategy and risk appetite.
  - Overseeing risk management structures and processes.
  - Ensuring appropriate segregation of duties and conflict of interest prevention.
  - Promoting market integrity and client protection.

#### Risk and Audit Committee

- Globacap Technology Limited maintains a dedicated Risk and Audit Committee comprised of at least one non-executive director (the Chairperson), the Globacap Technology Limited Chief Financial Officer, the Globacap Technology Limited General Counsel and Globacap Technology Limited Head of Risk and Compliance. This committee:
  - Provides oversight of risk management across the firm.
  - Reviews and challenges risk assessments and mitigation measures.
  - Reports to the full Board on risk-related matters.

#### Management Body (ExCom)

- The ExCom oversees the executive functions within the business on behalf of the CEO

### Directorships

#### Directorship Disclosure

- The current board of directors of Globacap Limited are:
  - Alex Green
  - Myles Milston

## Diversity

Globacap Limited's approach and efforts to achieve diverse representation are based on promoting the Diversity and Inclusion ("D&I") framework in place across Globacap . This aims to foster a culture where all employees feel safe, included, valued and respected. We embrace the unique contributions of everyone at Globacap and empower them to deliver value for our diverse clients and community.

In reviewing its composition, the ExCom considers the benefits of having represented a broad range of views, experiences, skills, backgrounds, and values. To support this, the ExCom will, when identifying candidates for appointment:

- consider only highly qualified candidates based on their experience, functional expertise, personal skills and other qualities of directors;
- consider diversity criteria including gender, age, nationality, ethnicity and educational and professional background;
- where appropriate, in addition to its search, engage qualified independent external advisors to search for candidates that meet the Committee's skills and diversity criteria to help achieve its diversity aspirations
- All appointments are made on merit, judged against a set of objective criteria about the requirement for diversity on the Management Committee.

Globacap Limited's strategic approach is aligned with that of our parent company Globacap Technology Limited, sharing an organisation-wide approach and resources to advance diversity and inclusion to deliver strong business results.



### 3. Globacap Limited's Own Funds

Globacap Limited's regulatory capital consists entirely of shareholders' capital classified as equity, Common Equity Tier 1 capital, the highest form of Tier 1 capital. Own Funds have been calculated following the requirements set out in MIFIDPRU 3.

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

1. The composition of Globacap Limited's own funds
2. a reconciliation of own funds to the capital in the balance sheet per the audited financial statements of the firm, followed by
3. A description of the main features of the CET1 capital issued by the firm.

The tables are based on the Globacap Limited Report and Financial Statements as of 31 December 2023.

**Table 1 – Composition of regulatory own funds**

|    | Item  | Amount (GBP thousands) |
|----|---|------------------------|
| 1  | <b>OWN FUNDS</b>  | <b>2,687</b>           |
| 2  | <b>TIER 1 CAPITAL</b>   | <b>2,687</b>           |
| 3  | <b>COMMON EQUITY TIER 1 CAPITAL</b>                                   | <b>2,687</b>           |
| 4  | Fully paid up capital instruments                                     | 0                      |
| 5  | Share Premium   | 8,065                  |
| 6  | Retained Earnings   | (5,378)                |
| 7  | Accumulated other comprehensive income                                |                        |
| 8  | Other reserves  |                        |
| 9  | Adjustments to CET1 due to prudential filters                         |                        |
| 10 | Other funds:  |                        |
| 11 | (-) TOTAL DEDUCTION FROM COMMON EQUITY TIER 1                         |                        |
| 19 | CET 1: Other capital elements, deductions and adjustments             |                        |
| 20 | <b>ADDITIONAL TIER 1 CAPITAL</b>                                      | <b>0</b>               |
| 21 | Fully paid up, directly issued capital instruments                    |                        |
| 22 | Share premium   |                        |
| 23 | (-) TOTAL DEDUCTION FROM ADDITIONAL TIER 1                            |                        |
| 24 | ADDITIONAL TIER 1: Other capital elements, deductions and adjustments |                        |
| 25 | <b>TIER 2 CAPITAL</b>   | <b>0</b>               |
| 26 | Fully paid up, directly issued capital instruments                    |                        |
| 27 | Share premium   |                        |
| 28 | (-) TOTAL DEDUCTION FROM TIER 2                                       |                        |
| 29 | Tier 2: Other capital elements, deductions and adjustments            |                        |

**Table 2 – Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements**

| Balance Sheet as per audited financial statements at 31 December 2023 (GBP thousands) |                             |              |
|---|-----------------------------|--------------|
| Assets  |                             |              |
|   | Trade and other receivables | 2,182        |
|   | Cash                        | 1,044        |
| <b>Total Assets</b>   |                             | <b>3,226</b> |
| Liabilities   |                             |              |
|   | Trade and other payables    | 539          |
| <b>Total Liabilities</b>  |                             | <b>539</b>   |
| Shareholders' Equity  |                             |              |
|   | Called up share capital     | 0            |
|   | Share premium account       | 8,065        |
|   | Retained earnings           | (5,378)      |
| <b>Total Shareholders' Equity</b>   |                             | <b>2,687</b> |

## Own funds requirements

Globacap Limited's own fund requirements, calculated by the requirements set out in MIFIDPRU 4, is the higher:

1. Permanent minimum capital requirement of £150,000
2. Total K-Factor requirement, which is the aggregate of activities-based capital requirements and
3. The fixed overheads requirement amounts to 25% of its most recently audited annual expenditure less permitted deductions.

| Own fund requirements as at 31 December 2023 | GBP (thousands) |
|--|-----------------|
|  |                 |
| Permanent minimum capital requirement        | 150             |
|  |                 |
| Sum of K-AUM, K-CMH and K-ASA                | 1               |
| Sum of K-COH and K-DTF                       | 0               |
| Sum of K-NPR, K-CMG, K-TCD and K-CON         | 0               |
| Total K Factor requirement                   | 1               |
|  |                 |
| Fixed Overhead requirement                   | 101             |
|  |                 |
| Own Funds requirement                        | 150             |

## Globacap Limited: Own Funds Requirements Disclosure

Globacap Limited maintains a capital buffer well in excess of regulatory minimums to ensure financial resilience and safeguard client interests. This disclosure outlines our compliance with MIFIDPRU 4.3 and our approach to capital adequacy.

### 1. K-Factor Requirements

Globacap Limited calculates its K-Factor requirements based on the prescribed methodology. The table below shows its breakdown as of 31 December 2023:

| Risk Category                               | Requirement    |
|---|----------------|
| K-AUM (Assets Under Management)             | £0.00          |
| K-CMH (Client Money Held)                   | £831.40        |
| K-ASA (Assets Safeguarded and Administered) | £0.00          |
| <b>Subtotal:</b>                            | <b>£831.40</b> |
| K-COH (Client Orders Held)                  | £0.00          |
| K-DTF (Dealing on Own Account)              | £0.00          |
| <b>Subtotal:</b>                            | <b>£0.00</b>   |
| K-NPR (Net Position Risk)                   | £0.00          |
| K-CMG (Clearing Margin Given)               | £0.00          |
| K-TCO (Trading Counterparty Default)        | £0.00          |
| K-CON (Concentration Risk)                  | £0.00          |
| <b>Subtotal:</b>                            | <b>£0.00</b>   |
| <b>Total K-Factor Requirement:</b>          | <b>£831.40</b> |

### 2. Fixed Overheads Requirement

- Globacap Limited's Fixed overhead requirement, calculated in accordance with MIFIDPRU 4.3, is £100,957.

## Meeting the Overall Financial Adequacy rule ("OFAR")

As prescribed by MIFIDPRU 7.4.7 Overall Financial Adequacy Rule ("OFAR") a firm must, at all times, hold Own Funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

- Globacap Limited can remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- Globacap Limited's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The Company prepares an ICARA annually or more frequently as required. The ICARA assesses whether the Group and its subsidiaries, including Globacap Limited, hold adequate Own Funds required under MIFIDPRU 7.6.2R.

The ICARA ensures that the Group and its subsidiaries have appropriate systems and controls in place to identify, monitor, and, where proportionate, reduce all potential material harms that may result from:

- The ongoing operation of its business and
- Winding down its business.

The Own Funds Threshold Requirement ('OFTR') and Liquid Assets Threshold Requirement ('LATR'), in addition to the Basic Liquid Asset Requirement, is calculated as the higher of these two assessments and represents how much additional capital or liquid assets may be necessary to address any potential residual impacts to comply with the OFAR.

The Group performs independent assessment and employs other quantitative tools, such as stress testing and scenario analysis, as part of the ICARA process. The Group's allocation of Own Funds Requirement to Globacap Limited assesses the potential harms that apply to clients, the market and the firm through scenario-based assessment. Some situations that may harm clients include trading errors, mandate breaches, misselling, and failure of an outsourced service provider/vendor. Other examples of harm to a firm include loss of significant clients, failure in IT infrastructure, and internal fraud. Globacap Limited is a non-SNI firm and is not considered large enough to cause systemic disruption to the market as a whole. Therefore, it is unlikely to cause harm to the market. The Group ICARA report is updated and formally reviewed, challenged and approved by the Group's Board annually. Key requirements and calculations related to

Globacap Limited are reported to the Globacap Limited Management Committee. The ICARA will be updated more frequently should fundamental changes to the business require it.

## 4. Group Remuneration disclosures

### Decision-making process for remuneration policy

The Remuneration Committee (“RC”), on behalf of the Globacap Technology Ltd Board of Directors, is responsible for maintaining a compliant remuneration policy for all subsidiaries. We aim to deliver top-tier total shareholder returns as we balance our commitments to our customers and employees, the environment and the communities where we live and work. We ensure that our remuneration policy is Gender neutral and is compliant with the Equality Act 2010.

### Role of the relevant stakeholders

The Remuneration Committee fully considers the Group’s strategic priorities in setting compensation policy and is mindful of its duties to shareholders and other stakeholders.

The Remuneration Committee oversees the Group’s compensation plans, ensuring they align pay with performance, operate within the Group’s risk appetite, help the Group achieve its goals and are in the best interest of shareholders while not encouraging excessive or inappropriate risk-taking. It also undertakes annual reviews of the implementation of its compensation policies to ensure that it complies with the FCA UK Remuneration Code.

### Code Staff Criteria

Globacap Limited incorporates the FCA MIFIDPRU Remuneration Code (SYSC 19G) in its identification framework to identify Code Staff whose professional activities have a material impact on the firm’s risk profile. The criteria comprise the following categories:

- Senior management;
- Risk-takers;
- Staff engaged in control functions and

### Design and structure of compensation and link to performance for Code Staff

The Group’s approach to compensation is based on a “pay for performance” philosophy. The practices are designed to balance the core compensation principles effectively:

- Link compensation to Group performance: Remuneration design and implementation, as implemented by the Company, aligns with the Group’s strategic priorities and Purpose;
- Attract and retain talent: Compensation helps attract and retain talented people and motivates them to excel to achieve objectives;
- Align with prudent risk-taking: Compensation structures do not encourage excessive risk-taking and reward appropriate use of capital. Senior management and material risk-taking employees’ variable pay is equity based and can be clawed back or forfeited;
- Encourage a long-term view to increase shareholder value: The variable pay for senior management and material risk-taking employees is allocated to long-term incentives, which are equity-based and deferred.

The alignment of compensation with risk is an essential consideration in compensation plans. For this reason, mechanisms are included in compensation design to ensure risk is appropriately considered before incentive pools are finalised. These mechanisms include:

- Establishing the incentive pool based on performance against strategic objectives and annual financial goals, which reflect provisions for risks;
- Having leadership, management bodies and professionals in human resources and finance review variable incentive pools throughout the year and before finalising them.

Direct compensation combines fixed and performance-related pay elements (short- and long-term incentives). Performance-related pay is designed to reward the achievement of the Group, line of business and individual performance targets while managing risk.

The Remuneration Committee conducts a year-end review of the individual performance and variable pay of the senior executives and control function leaders. This includes assessing any risk, compliance, conduct, audit and financial factors when determining whether to exercise its discretion to modify individual variable pay awards.

The Group also has established policies on using guaranteed bonuses and severance payments. Guaranteed bonuses are not offered. Severance payments are determined in accordance with local frameworks and reflect performance achieved over time and must not reward failure or misconduct.

## Control Functions

Compensation for Code Staff in control functions is tied to overall Group performance and performance against individual goals.

These employees have independent reporting lines from the businesses they support. The success or final performance of the business areas they support or monitor does not directly impact their performance or compensation assessment. This independence mitigates risk and encourages these employees to focus on the Group's overall success.

Individual award allocations are based on achieving individual performance goals that are designed to reinforce the Group's strategic priorities and values, qualitative measures are used to assess how results were achieved and adherence to risk management, compliance requirements and to the Group's Code of Conduct.

## Clawback and forfeitures

Clawback and forfeiture policies have been adopted in the Group's compensation programs to help mitigate current and future risks.

For all long-term incentive plan participants, the Remuneration Committee may, in its sole discretion, reduce or forfeit unvested deferred incentive awards depending on the severity of a risk event's impact on the Group line of business financial performance or reputation and individual accountability. For all Executives and Code Staff (including Material Risk Takers ("MRTs")), the Committee further maintains the discretion to seek recoupment of awards paid over three years preceding the date upon which the Committee makes its determination that an event of financial restatement, or misconduct or negligence in the management of risk which contributed or could have contributed to significant financial or reputational harm to the Group, has

occurred. The Committee evaluates risk events (such as, audit findings, credit losses, financial losses and key indicators of operational, market compliance, poor conduct behaviours and reputational risk) when determining whether to use its discretion to reduce pay-outs from the awarded compensation.

## Globacap Limited

### Remuneration split of staff within the Company

Material Risk Takers: 7

| Category                       | Total Remuneration | Fixed | Variable |
|--------------------------------|--------------------|-------|----------|
| Senior Management & Other MRTs | £0.2m              | £0.2m | £0       |
| Other Staff                    | £0.1m              | £0.1m | £0       |

## Contact Us