Disclosures
For the year ended December 31st 2024

Capital Com (UK) Limited

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1. Overview

1.1 Introduction

The disclosures within this document are prepared in accordance with the Financial Conduct Authority (FCA) MIFIDPRU 8 standards.

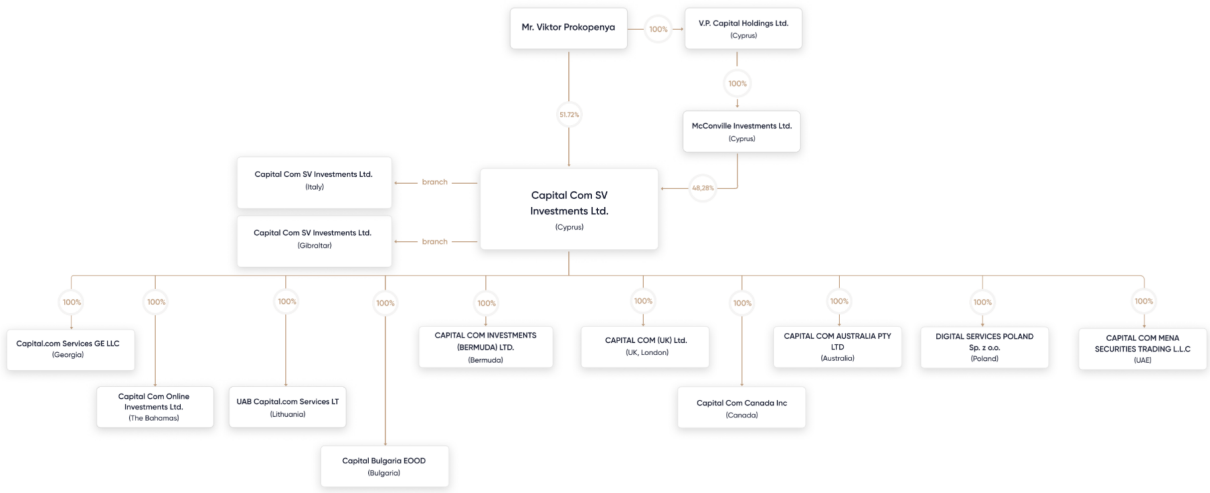
Capital Com (UK) Limited is a non-SNI MIFIDPRU investment Firm and is a wholly owned subsidiary of Capital Com Investments Limited.

In accordance with MIFIDPRU 8.1.7, the disclosures are compiled on an individual basis for the year ended 31st December 2024. Any references to "the Group" are to Capital Com Group together with all its subsidiary undertakings.

1.2 About Capital Com (UK) Limited

Capital Com (UK) Limited ("CCUK", "Firm" or "Company") is a licensed UK Firm, regulated by the FCA, providing access to financial markets for retail and professional traders as an execution-only brokerage platform. Through its trading platform, CCUK offers over-the-counter ("OTC") derivatives in the form of two key products; Contracts for Difference (CFDs) and Financial Spread Bets. The markets offered in the two aforementioned products are Equities, Forex pairs, Indices, Commodities, Bonds & Interest Rates, and Cryptocurrencies (which are only made available to elective professional clients).

1.3 Group Structure and Its Regulated Entities



1.4 Frequency of Disclosures

The disclosures are published on an annual basis, together with the financial statements, and are publicly available on CCUK's corporate website (Capital.com).

2. Risk Management Objectives and Policies

2.1 Risk Management Framework

The Risk Management Framework ("RMF") acts to ensure effective risk management practices across the Firm. CCUK undertakes risk management processes to understand the risks posed to the Firm, and proactively manage and mitigate these risks to acceptable levels.

This Framework sets out the principles and methods used to identify, assess, report, and mitigate the risk of harm to its clients, to the Firm or to the financial markets. By doing so, CCUK can understand the risks posed to the Firm, and proactively manage and mitigate these risks to acceptable levels. The framework also enables the Company to continually align its business objectives against a background of changing risks and uncertainty.

The Risk Management Framework:

- Enables the Company to proactively manage its risks in a systematic manner.
- Ensures that appropriate measures are in place to mitigate risks of harm.
- Helps drive a culture of risk awareness within the Company.
- Ensures that risk management is an integral part of the Company's decision-making process.

The Board of Directors ("The Board") sets CCUK's strategic business objectives, in line with delegated authority from the shareholder, whilst having overall oversight of and responsibility for ensuring risk controls and systems are robust and fit for purpose in pursuit of its strategic aims.

The Board is ultimately responsible for the risk management framework of the Company and for reviewing the effectiveness of the Firm's risk management arrangements and the operating effectiveness of the underlying internal controls. These are designed to mitigate the risks of not achieving business objectives, and, as such, offer reasonable assurance against harm, fraud, material misstatement and loss.

The Board has responsibility for the business' governance and setting the risk appetite, understanding that risk is an inherent part of CCUK's business model, and that the Firm's objective is not to eliminate risk but to manage risk to an acceptable level within this defined risk appetite.

2.2 Risk Culture

CCUK's cultural expectations are built upon four pillars: purpose, leadership, governance, and performance management. This framework is crucial for establishing a "tone from the top," where open dialogue, personal accountability, and ethical escalation are integral to leadership and organisational processes. A robust culture is reinforced by metrics such as conduct incidents, resolution quality, and ethical behaviours. The Board and senior leadership play a vital role by visibly modelling the Firm's values, ensuring that all staff understand not only what is expected, but why it

matters. The CCUK Board acknowledges the importance of a healthy risk culture to maintain an effective risk management framework. This culture dictates standards for employee conduct, values, and behaviours, aiming for positive client outcomes, minimal harm, and adherence to regulatory requirements. Culture is central to the Risk Management Framework, enabling senior management to protect the business, its profitability, and its reputation. A detrimental culture inevitably leads to poor outcomes and increased risk of harm to clients, the Firm, or the financial markets.

2.3 Risk Appetite

The purpose of the Risk Appetite Statement ("RAS") is to articulate the level and types of risk the Firm is willing to accept in pursuit of its strategic objectives, ensuring alignment with its regulatory obligations, stakeholder expectations, and overall business model. It serves as a foundation component of the Firm's Risk Management Framework, providing structured guidance to decision-makers across the organisation. The RAS enables the identification, measurement, monitoring, and reporting of risk exposures relative to defined thresholds and tolerances, thereby supporting effective risk oversight and control. Its scope encompasses all material risk categories, including but not limited to financial, operational, conduct, legal, regulatory compliance, technology, and strategic risks, and is embedded across the Firm's governance, policy-setting, and operational execution to ensure a consistent, informed approach to risk-taking across all levels of the business.

The organisation employs a dual-pronged approach to clearly articulate its Risk Appetite, encompassing both qualitative statements and quantitative thresholds. This combination provides a comprehensive and easily understandable guide for risk-taking behaviour and decision-making.

2.4 Three Lines of Defence Overview

The Firm has adopted a three lines of defence risk management model to help establish a system of checks and balances to protect against various risks and to ensure the Firm has effective governance.

The first line of defence consists of all team members involved in the day-to-day running of the business (e.g. Dealing, Operations, Sales, Marketing, Product, Technology, Finance, Human Resources and Legal Teams), and includes all principal risk owners who have the primary responsibility for the first line day-to-day risk management activities to ensure that the level of risk in their respective area remains within risk appetite. Each of these teams, though separately managed in their respective areas of the business, contributes to the holistic view of the organisation's risk management through their reporting responsibilities via the local Audit, Risk and Compliance Committees ("ARCC"), Group Risk Committee and relevant Executive Committees with overarching Board-level oversight and responsibility.

The second line of defence consists of the Risk and Compliance functions who provide guidance and oversight of the first line. They monitor first line risk management activity by setting standards, independently overseeing, reviewing, and challenging the effectiveness of the first line controls and act in a risk advisory capacity to the business.

Ultimate accountability for the control environment and responsibility for implementing recommended management actions lies with first line risk and control owners. The second line is responsible for challenge and review that the processes are fit for purpose. The breakdown of each of the second line's functions are:

- The Risk function will facilitate and monitor the implementation of effective risk management practices by the first line, and will report on risk related information (i.e. to ExCo and the Board). The Risk team will also assist the first line in defining target risk exposure.
- The Compliance Function will seek to ensure compliance with rules and regulations, and address any legal, regulatory and compliance risks.

Sitting between the first and second lines, Capital is introducing a 1.5 Line of Defence which will serve as a bridge between 1LoD and 2LoD. The role of the 1.5 Line will include supporting the first line through risk identification, management and oversight, offering specialised skills to help mitigate and manage risks proactively across the relevant Departments. The 1.5 Line is designed to have risk SMEs who have a deep understanding of both the business processes and risk management techniques, working closely with the function to ensure that controls are properly implemented and risk-taking activities align with policies and risk appetite. While the first line remains accountable for risk management, the 1.5 line enhances accountability by providing close, hands-on guidance to ensure risks are effectively managed without overreliance on the second line's oversight, and ensuring business activities align with broader risk frameworks. The 1.5 line will evaluate the effectiveness of their respective department's control environment working closely with second line functions should any gaps be identified. Overall, by integrating risk management functions within the business operations, the 1.5 line reduces the inefficiencies or redundancies that may arise when business units and risk teams work in silos.

The third line of Defence is the Internal Audit Function and seeks to provide independent assurance on whether the first and second line are operating effectively. The function is responsible for safeguarding the Firm's assets and reputation by providing independent objective assurance to the Board, Shareholder, and to the Executive management team to ensure that all internal policy controls, procedures, and governance structures are suitable and functioning effectively to support the long-term sustainability of the business. The Internal Audit function achieves this by providing regular assurance reviews, recommendations on ways to enhance risk management and control effectiveness and updates to the Committees and Board as part of their annual audit plan.

2.5 Risk Statement of the Firm's Governing Body

The Board is ultimately responsible for the risk management framework of the Company and to embed a strong healthy risk management culture across the Firm. The framework is designed to ensure it has adequate systems, structures, policies, processes, and people within the Company that identify, assess, mitigate, and monitor all internal and external sources of risk that could have a material impact on the Company's operations.

2.6 Principal Risks

Financial & Prudential Risks The risk of losses or harm due to the mismanagement of business model risk, including managing market exposures in line with market conditions, the risk of its clients or FI counterparties being unable to meet their financial obligations and managing the Firm's capital and liquidity adequacy. **Risk Appetite** The Firm operates with a conservative stance towards capital adequacy and liquidity risk, recognising the significant implications these risks can have, including potential regulatory non-compliance and business insolvency. However, the Firm acknowledges that certain market-related risks, specifically those mitigated through matched principal hedging arrangements, could warrant a higher level of risk appetite than expected.	**Credit Risk** The risk of loss as a result of the inability or failure of a counterparty to meet its contractual obligations in accordance with agreed terms. This also includes any exposure to intragroup credit risk arising from its reliance on the Group entity for key financial and operational support. **Liquidity Risk** The risk of the Firm being unable to meet its short-term obligations when they fall due, or the risk of not having sufficient liquid assets to meet regulatory minimum requirements. **Capital Adequacy Risk** The risk of having insufficient capital to meet capital requirements which may result in the Firm no longer being able to continue its business activities. **Business Model Risk** The Firm's performance is influenced by global market conditions, with client activity typically varying in response to changes in volatility. As a result, external factors such as macroeconomic trends, geopolitical developments, and shifts in monetary policy may impact overall revenue.	**Risk Management (controls not limited to):** • CCUK conducts thorough due diligence on its financial counterparties to assess the institutions financial stability, reputation, and overall creditworthiness. This is carried out at the onboarding stage, followed by periodic reviews to ensure ongoing suitability • CCUK reviews the intra-group outsourcing framework on an ongoing basis to ensure we have clear agreements, repayment conditions and defined SLAs in place • CCUK performs analysis on the creditworthiness of the Group through an internal dashboard. This can help identify signs of a weaker financial position in the Group before escalating down. This includes indicators such as declining profitability and liquidity constraints • Ensuring counterparties are adequately diversified, preventing undue concentration exposure that could amplify default risk **Risk Management (controls not limited to):** • CCUK conducts periodic assessments to evaluate its resilience under severe but plausible stress scenarios, including those affecting liquidity, to ensure it can meet its obligations • To enable intervention before breaching minimum requirements, an internal buffer has been implemented and is monitored with MI presented to the relevant committees • CCUK conducts a forward-looking financial forecast which is used to determine whether the Group and CCUK are on track or whether management actions should be taken **Risk Management** • Daily monitoring of capital position to ensure compliance with regulatory and internal thresholds • Maintenance of internal capital buffers above minimum requirements • Regular stress testing and scenario analysis to assess resilience under adverse conditions • Strong governance and oversight from the Board and senior management over capital adequacy **Risk Management** • CCUK conducts periodic assessments to evaluate its resilience under severe but plausible stress scenarios, including those affecting the business model, to ensure it can continue to meet its obligations • CCUK maintains liquidity reserves calibrated to cover periods of client profit realisation, and monitors the performance of hedging arrangements to ensure minimal residual market exposure

Operational Risk:
 	
The risk of financial loss, customer and/or market impact, regulatory breaches and reputational damage as a result of inadequate or failed internal processes, human errors, systems or external events.
 	
Risk Appetite:
 	
The organisation acknowledges a moderate risk appetite regarding operational processes, recognising the intricate nature of managing operations across diverse jurisdictions and technological landscapes.
	Process Risk
	The risk of the possibility of losses, disruptions, or adverse outcomes caused by inadequate or failed internal processes, human errors, system failures, or external events that affect the way an organisation operates
	
	Regulatory Compliance
	The risks of failing to implement or monitor regulatory requirements, leading to non-compliance penalties or reputational harm. This includes the risk of engaging with sanctioned entities, individuals, or jurisdictions.
	
	The Firm is committed to meeting its obligations on operational resilience and to ensuring the continuity of important business services in the event of severe but plausible disruptions. Operational resilience is embedded in CCUK's governance framework and forms a core part of its approach to risk management and oversight.
	
	Change Management
	The risk of operational disruption, errors, or failures due to poorly planned, implemented, tested or monitored changes
		Risk Management
		● CCUK maintains comprehensive and regularly updated standard operating policies and procedures
		● Implemented segregation of duties to ensure no single employee is responsible for end-to-end execution of critical tasks
		● 4-eye reviews and approval and authorisation controls are implemented
		● CCUK conducts regular process reviews and control assessments to ensure processes remain effective
		● Automation and system integration to replace manual steps to reduce potential human error, increases the speed of execution and improves consistency
		● Implementation of change management processes to formalise reviews, testing and approvals before any key changes to systems are embedded
		
		Risk Management
		● Maintains comprehensive and regularly updated standard operating policies and procedures to provide awareness of regulatory requirements
		● Thorough sample testing is conducted
		● Keyword monitoring system is utilised to support compliance monitoring of communications
		● Effective Compliance oversight and monitoring to ensure departments are submitting timely reports
		● Thorough best execution testing conducted for checks and monitoring
		● Second-line monitoring is conducted to determine whether any new products/services were launched and that the specified process was followed
		● Horizon scanning and AML monitoring to ensure the frameworks are up to date with regulatory requirements and no gaps in relation to new or emerging AML risks
		● Impact tolerances have been set and scenario testing is carried out for each important business services
		● Governance of operational resilience sits with the Board, supported by the ARC Committee, with regular reporting on resilience testing, lessons learned, and remediation activities
		● CCUK maintains documented playbooks for disruption events, has established escalation pathways to senior management, and ensures that outsourcing arrangements and intra-group dependencies are subject to robust due diligence and ongoing monitoring
		
		Risk Management
		● Change Management policies and procedures are maintained and updated to ensure the process of releasing and updating software is robust
		● The change management procedure comprises the following stages:
		  ○ Identifying and submitting
		  ○ Reviewing and analysis

		○ Approval ○ Priority and planning ○ Implementation ○ Demo ○ Release ○ Monitoring and control in the Production environment.
	External Fraud The risks associated with fraud committed by individuals or entities outside of the Firm, including customers, third parties, or cybercriminals. It involves deception, theft, or manipulation to unlawfully obtain money, data, or other assets from the company	**Risk Management** ● CCUK maintains contingency arrangements and re-routing capabilities to ensure continuity of payment processing in the event of downtime of heightened external fraud risk ● Conducts thorough counterparty due diligence and ongoing monitoring through background checks on external partners prior to onboarding, supported by screening tools and annual re-reviews to identify and mitigate emerging risks ● Carries out structured reviews with key partners to assess service quality, transaction performance, and emerging risks, ensuring proactive oversight and accountability ● Ensures sufficient diversification and concentration risk management to strategically distribute transaction volumes across multiple counterparties to mitigate concentration risk and safeguard against external fraud or operational failures ● Implementation of multi-layered fraud detection and monitoring using advanced tools, real-time monitoring to detect and mitigate ad fraud risks across marketing campaigns ● Automated alerts and incident response for unusual patterns in acquisition KPIs, enabling timely investigation and campaign adjustments
	Business Continuity and Disaster Recovery Risk The risk of disruption to critical operations due to natural disasters, geopolitical events, technology failures, or other crises, coupled with insufficient contingency plans to recover effectively	**Risk Management** ● Regular testing of outsourcing agreements to ensure compliance with policy requirements, monitoring KPIs and escalating issues where performance standards are not met ● Implemented defined procedures to recover critical systems, processes and information assets during disruptive incidents, safeguarding the confidentiality, integrity and availability of business operations ● Performing ongoing testing of business continuity and disaster recovery arrangements, including BCP reviews, backup testing and incident simulations, to validate resilience and readiness ● Business Continuity Planning: We have a comprehensive Business Continuity Policy, Plan, Disaster Recovery procedures, and a Business Impact Analysis procedure

Technology Risk: The risk of losses or harm arising from current and future technology related events that could impact availability/loss of systems, platform downtime, compromise IT security, data confidentiality or integrity, or any combination of these possibilities. This includes disruption to key business services/platforms which could cause compromise to capital.com day-to-day operations and cause harm to clients, the Firm or the financial markets. **Risk Appetite:** Given the nature of the business, the Firm recognises the critical importance of carefully balancing innovation and the inherent risks associated with technology and cyber security. A moderate risk appetite in these domains is deemed essential. This balanced approach will facilitate business expansion through the development and introduction of products and services, while concurrently addressing the potential risks introduced by new technological infrastructure.	**Cyber Risk** The risk of harm from exposure, loss of critical assets or sensitive information, or reputational damage, due to a cyber-attack or breach of an organisation's network. This includes ransomware, malware, insider threats, phishing attacks, data breaches, hacking, and system intrusions posing significant risk of harm to clients, the Firm or the markets. **IT Change management** The risk of harm caused by System outages or failures which can lead to significant trading losses and reputational damage, this includes 3rd party downtime over which Capital may have limited control. This can lead to notable client harm, severe reputational damage and result in significant financial loss for the organisation. **Data Management/Data Theft** The risk posed by unintentional exposure or theft of confidential information, including client data (PII), trading strategies or proprietary algorithms, which could have implications regarding trust, compliance, and competitive advantage. **Third-Party Service Disruptions** Failure to identify and take appropriate steps to ensure risks arising from services that are outsourced are known, managed and mitigated. This includes defining and frequently reviewing Critical third parties and critical outsourcing arrangements.	**Risk Management** ● Access Management: Strong policy controls and review procedures are in place to ensure appropriate access authorisation and timely termination of access rights, including an emergency access process ● Performance Testing: We conduct load testing to simulate expected and extreme usage scenarios and elevated user volumes ● Security Audits: Regular cybersecurity audits and penetration testing are performed to identify and address vulnerabilities ● Data Protection: Robust backup data and recovery systems are maintained ● Awareness and Training: Regular training is provided to staff on technology risk identification and mitigation. Information security awareness programs are conducted upon hiring and annually via our Learning Management System ● Network Security: Comprehensive Network Security Policy controls are in effect ● Change Management: A structured Change Management Procedure is followed for all system modifications ● Incident Response: We have an Incident Management Policy and a well-defined Incident Response Plan ● Perimeter Security: Sound firewalls are implemented to protect our networks ● Vulnerability Management: A proactive Vulnerability Management Policy and controls are in place ● Information Security: Effective information security policies and procedures are maintained ● Scheduled Backups: Regular backups are scheduled according to our Backup policy, with alerting features for any failed or interrupted backups ● Infrastructure Documentation: Our infrastructure is well-documented to ensure clear understanding of service locations across our existing infrastructure (Data Centres, servers, naming, ownership) and change procedures ● Business Continuity Planning: We have a comprehensive Business Continuity Policy, Plan, Disaster Recovery procedures, and a Business Impact Analysis procedure ● Third-Party Due Diligence: IT policies cover thorough third-party due diligence, onboarding, and periodic reviews ● Data Governance: IT policies and controls are in place for Data Protection, Data Usage, and Data Classification ● Endpoint Security: Antivirus, Password, and Acceptable Use policy controls are rigorously enforced

Commercial Risk: The risk of losses or harm arising from the Firm's internal decision making or process in relation to the organisational or strategic design. This includes both how the Firm deals with external economic factors, market conditions and competitor risk. **Risk Appetite:** The Firm demonstrates a heightened willingness to embrace commercial risk as a strategic priority for realising its overarching objectives. This proactive stance encompasses ambitious initiatives such as the strategic expansion into potentially high-growth markets, a significant drive towards digital transformation and bolstering its market presence, and a commitment to continuous product innovation and the development of new offerings. This is underpinned by the Firm's foundational emphasis on achieving sustainable long-term growth, grounded in a culture of compliance.	**Business Strategy** The risk from poor planning or execution of the business strategy. During business cycles, given market condition fluctuations over time and competitor risk factors this could be further constrained by capacity and capability needs as the business continues to grow and is required to spend time and resource on ensuring strategy is relevant and embedding newly and appropriately designed control and process improvements alongside these change initiatives. **Economic and Market Conditions** The potential negative impact on the Firm due to changes in the broader economy or market environment, due to economic downturn and recession, a change in client behaviour resulting in lower trading volumes and revenue and the inability to compete with other Firms in the industry.	**Risk Management** ● CCUK maintains structured stakeholder engagement and communication processes, ensuring early involvement, alignment, and timely updates throughout the planning and change process ● Maintaining comprehensive reporting frameworks, including daily dashboards, weekly and monthly management reports and quarterly strategic reviews to ensure transparency, oversight and accountability in marketing performance ● CCUK ensures automated alerts are in place to identify abnormal patterns in acquisition KPIs, enabling timely detection and response to potential risks ● Ensuring budgeting and financial oversight is embedded **Risk Management** ● CCUK maintains real-time monitoring mechanisms, including automated alerts and analyst updates to identify market volatility and emerging risks that may impact business operations ● CCUK ensures regular reporting on investment trends, competitor activity, and consumer behaviour, providing data-driven insights to inform strategic decision-making

3. Governance Arrangements

3.1 Board of Directors

The Firm ensures that the Board and senior management defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Firm, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients.

Regarding the potential risk of conflicts of interest, the Firm operates a policy which sets out how the Firm approaches the requirements and arrangements to liaise with the prevention, the identification, management and monitoring of conflicts of interest, in its clients' best interests and in compliance with its legal and regulatory responsibilities. This Policy also seeks to identify potential conflicts of interest that may arise in the Firm's business, establish the relevant steps to prevent or manage these conflicts and determine how the risks arising will be managed. The Firm ensures individual accountability with roles and responsibilities clarified. A three lines of defence model is used within the Firm to help establish a system of checks and balances to protect against various risks and to ensure the Firm has effective governance.

CCUK ensures that the Board:

- has overall responsibility for the Firm;
- approves and oversees implementation of the Firm's strategic objectives, risk strategy and internal governance;
- ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory system.
- oversees the process of disclosure and communications;
- has responsibility for providing effective oversight of senior management;
- monitors and periodically assesses:
  - the adequacy and the implementation of the Firm's strategic objectives in the provision of investment services and/or activities and ancillary services;
  - the effectiveness of the Firm's governance arrangements; and
  - the adequacy of the policies relating to the provision of services to clients, and takes appropriate steps to address any deficiencies; and
- has adequate access to information and documents which are needed to oversee and monitor management decision-making.

The persons proposed for appointment to the Board should commit the necessary time and effort to fulfil their obligations. Main factors influencing the decision to propose the appointment of potential Directors include:

- are of sufficiently good repute;
- possess sufficient knowledge, skills, and experience to perform their duties;
- possess adequate collective knowledge, skills, and experience to understand the Firm's activities, including the main risks;
- reflect an adequately broad range of experiences;

- commit sufficient time to perform their functions in the Firm; and
- act with honesty, integrity, and independence of mind to effectively assess and challenge the decisions of senior management where necessary and to effectively oversee and monitor management decision-making.

As at 31st December 2024, the Board is comprised of 2 executive directors and one non-executive director:

Full name of Director	Number of executive directorships	Number of non-executive directorships
Rupert Simon Toby Osborne	1	
Sheena Kanabar	1	
Philip John Anderson		0

*** In accordance with MIFIDPRU 8.3.2, the above directorships are out of scope for this analysis:*

- *Executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and*
- *Executive and non-executive directorships held within the same group or within an undertaking (including a non-financial sector entity) in which the Firm holds a qualifying holding*

3.2 Governance Committees

A range of governance committees have been formed to achieve a level of robust governance oversight to adequately monitor CCUK's operational effectiveness and its potential risks.

The Audit, Risk & Compliance Committee acts as the Company's Risk Management Committee and has the responsibility to ensure that formal and transparent arrangements are in place for the consideration, monitoring and oversight of the Firm's internal control and risk management systems (including credit, market, liquidity, and operational risks to which the Firm is exposed), financial reporting, legal and compliance, and internal and external audit.

The Committee shall also ensure that relevant policies and procedures are effectively implemented and executed to comply with legal and regulatory requirements, and that risks are mitigated to the degree required by the Board. The Committee shall also be responsible for the continual and thorough consideration of the Firm's obligations under the FCA's Principle 12 - the Consumer Duty - and shall ensure that the duty is considered and addressed as part of any decisions made by the Committee. This may include monitoring delivery against the four Consumer Duty outcomes.

Other committees which CCUK have are:

- Executive Committee – to assist the UK CEO in the performance of their duties within the bounds of its authority. The Executive Committee shall remain accountable to the Board and may at its own discretion or at the request of the Board promptly give or make available such information to the Board to enable it to carry out its duties. The Committee shall also be responsible for the continual and thorough consideration of the Firm's obligations under the FCA's Principle 12 – The Consumer Duty – and shall ensure that the duty is considered and addressed as part of the decisions made by the Committee.

- CASS Committee – to assist the Firm with the work of the Board in respect of all risks that may affect the business related to CASS
- Best Interests Working Group – to assist the Firm with the work of the Board in respect of all risks to the business related to the fair treatment of customers, including its short, medium and long-term strategy impacting client related matters. The Working Group shall also be responsible for the continual and thorough consideration of the Firm's obligations under the FCA's Principle 12 - the Consumer Duty - and shall ensure that the duty is considered and addressed as part of any decisions made by the Working Group.
- Breaches Working Group - to review open operational and regulatory breaches. The Working Group shall evaluate the status of each breach, agree on any necessary remedial actions, and oversee the implementation of these actions. The Working Group will also escalate open breaches for further investigation or resolution where appropriate, in accordance with the Firm's internal policies and applicable regulatory obligations.

The Group also has the following committees to steer and control matters pertaining to each committee's area: A Group Remuneration Committee, Group Risk Committee, Group Technology Committee, and Group Pricing Committee.

The Board will review the decisions of these committees at each of its meetings to ensure these committees are not only challenging the information that it is presented, but that the decisions taken are in alignment with company strategy and risk appetite. Senior management are responsible for ensuring effective communication and alignment between different entities via this committee structure.

3.3 Diversity

The Firm recognises the importance of skilled, diligent and accountable leadership in a diverse and inclusive workplace that represents the interests of all key stakeholders and the Board. The Group Diversity, Equity and Inclusion ("DEI") Policy applies to any employee, contractor, or Non-Executive Director ("NED") working for or engaged by any Group Company. The purpose of the policy is to encourage and promote DEI in all aspects of our work and business and promote an internal culture that values difference and recognises that people from different backgrounds and experiences can bring valuable insights to the workplace.

CCUK commits to encouraging and promoting DEI in the workplace; ensuring we do not discriminate in our recruitment processes and procedures; creating and maintaining a working environment free of bullying, harassment, victimisation and discrimination; taking seriously any complaints; providing opportunities for training, development and progression for all staff; making decisions concerning Team Members based on ability and merit; ensuring we work to avoid and eliminate unconscious bias, and reviewing employment practices.

Capital Com Group's workforce is a diverse one which is reflected in the Diversity & Inclusion reports produced internally. An Unconscious Bias ("UB") provider conducted training to the Senior Leadership Team ("SLT") and for all employee's company-wide in Q4 2023. Throughout 2024, the Group hosted several seminars around wellbeing, mental health and neurodivergence in the workplace and implemented Mental Health

& Wellbeing Champions across all locations who act as a line of support to employees. Our Talent Acquisition Team has also implemented thorough score cards within the recruitment process to ensure continued commitment to reducing bias. Our UK office has Sexual Harassment Prevention Training scheduled for Q2 2025 via an external provider, alongside an e-learning and a risk assessment to be produced.

CCUK is committed to fostering a diverse and inclusive workplace. Key points relating to Diversity include:

- Overall global gender balance at CCUK is 30% female and 70% male
- 18.2% of managerial roles are held by women
- Workforce diversity: 32.3% of colleagues identify as non-British nationalities

4. Own Funds

The own funds amount for CCUK derives from common equity tier 1 capital ("CET1"), comprising from share capital and retained earnings. Further detail of this can be seen in the below tables.

Table 1: 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**	**11,821**	
2	**TIER 1 CAPITAL**	**11,821**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**11,821**	
4	Fully paid up capital instruments	5,699	i
5	Share premium		
6	Retained earnings	6,122	ii
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
12	CET1: Other capital elements, deductions and adjustments		
13	**ADDITIONAL TIER 1 CAPITAL**		
14	Fully paid up, directly issued capital instruments		
15	Share premium		
16	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
17	Additional Tier 1: Other capital elements, deductions and adjustments		
18	**TIER 2 CAPITAL**		
19	Fully paid up, directly issued capital instruments		
20	Share premium		
21	(-) TOTAL DEDUCTIONS FROM TIER 2		
22	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 in published/audited financial statements	**Cross-reference to template OF1**
		As at 31.12.24 (£'000)	
ASSETS			
Non-current assets			
1	Property, plant and equipment	6,931	
2	Right-of-use assets	9,491	
Current assets			
1	Trade and other receivables	5,852	
2	Cash and cash equivalents	10,783	
TOTAL ASSETS		**33,057**	
LIABILITIES			
Non-current liabilities			
1	Lease liabilities	9,281	
2	Deferred tax liability	1,193	
Current liabilities			
1	Trade and other liabilities	9,241	
2	Lease liabilities	1,521	
TOTAL LIABILITIES		**21,235**	
SHAREHOLDERS' EQUITY			
1	Share capital	5,699	i
2	Other reserves	-	
3	Retained earnings	6,122	ii
TOTAL EQUITY		**11,821**	
TOTAL EQUITY AND LIABILITIES		**33,057**	

Table 3: Own funds: main features of own instruments issued by the Firm		
	Features of own instruments	**Cross-reference to template OF1**
Share capital	Instrument type: Ordinary share Amount recognised in Regulatory Capital (£000'): 5,699 Nominal amount of instrument: GBP 1 Accounting classification: Ordinary share capital	i

5. Own Funds Requirements

5.1 Own Funds Requirement

In accordance with MIFIDPRU 4.3.2, CCUK must at all times maintain own funds that are at least equal to its own fund's requirement.

The own funds requirement of a non-SNI MIFIDPRU investment Firm is the highest of:

- Its permanent minimum capital requirement (PMR)
- Its fixed overhead requirement (FOR)
- Its K-Factor requirement (KFR)

The below table shows the own funds requirement in further detail:

Table 4: Own Funds Requirement	
Permanent minimum requirement	£330k (transitioning to £750k by Jan 2027)[1]
Fixed overhead requirement	£5.8m[2]
K-Factor requirement	£332k

5.2 K-Factor Requirement

The K-Factor requirements considers the Risk of Harm to Clients (RtC), Markets (RtM) and the Firm (RtF) and these are broken down as follows:

Table 5: K-Factor requirement	Amount (£'000)
The sum of the K-AUM, K-CMH and K-ASA requirements	82
The sum of the K-COH and K-DTF requirements	94
The sum of the K-NPR, K-CMG, K-TCD and K-CON requirements	157
TOTAL	332

**Assets Under Management ("K-AUM"), Client Orders Handled ("K-COH"), Cleared Margin Given ("K-CMG") and Concentration Risk ("K-CON") is not applicable for CCUK*

The K-Factor requirements applicable for the Firm are:

- Client Money Held ("K-CMH")
- Assets Safeguarded and Administered ("K-ASA")
- Daily Trading Flow ("K-DTF")
- Net Position Risk ("K-NPR")

[1] MIFIDPRU TP2 Own funds requirement as at 31.12.2024: transitional provision 2.18

[2] The fixed overheads requirement of a MIFIDPRU investment Firm is an amount equal to one quarter of the Firm's relevant expenditure during the preceding year unless there is a material change in the business or operating model. CCUK implemented an operational restructuring in the year, which results in a change of over 30% in FOR and a notification to the FCA will be completed. The FOR for 2024 audited FS was £5.8m, however, will be £2.6m following this change. This will be updated once permission has been obtained by the FCA.

- Trading Counterparty Default (“K-TCD”)

5.3 Assessment of Own Funds

In addition to the own funds requirements, CCUK must at all times hold own funds and liquid assets which are adequate, both as to their amount and their quality, to comply with the Overall Financial Adequacy Rule (OFAR) to ensure that:

- The Firm 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
- The Firm’s business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

CCUK conducts an annual ICARA process to ensure that it has appropriate systems and controls in place to identify, assess and monitor potential material harms which may not be fully accounted for under the K-Factor requirement or basic liquid asset requirement.

This includes the calculation of the Own Funds Threshold Requirement (“OFTR”) and Liquid Asset Threshold Requirement (“LATR”) - core elements of the OFAR, whereby CCUK should consider the amount of capital and liquidity required from ongoing operations and the amount required to wind-down in an orderly manner.

The higher of the internal risk assessment and the amount required for an orderly wind-down is used as the OFAR which CCUK are required to hold at any point in time to comply with the regulatory rules.

CCUK has a framework for monitoring the adequacy of liquidity and financial resources and performs regular calculations and monitoring. This information is provided to the Board who consider it when assessing risk strategy and risk appetite.

If there are any material changes in the Firm’s business model or operating model, the ICARA is to be reviewed and updated when required.

6. Remuneration Policy and Practices

In line with MIFIDPRU 8.6, the disclosure requires the Firm to provide information about its approach and components for remuneration.

6.1 Remuneration Approach and Group Remuneration Policy

The Group Remuneration Policy is relevant to all Group entities, which includes the Company. Under a strict framework, the policy sets out remuneration practices for the Group. In accordance with SYSC19G.1.24G of the FCA Handbook, the Group Remuneration Policy applies to:

- All Group Employees (including Senior Management, Executive Directors, material risk takers, and staff engaged in control functions and sales based roles) (together, the "Employees");
- Non-executive members of the Board of Directors.

The Group undertakes practices under appropriate internal procedures, taking into account the interest of all of the Employees of the Group, with a view to ensure they are treated fairly, and a balanced approach is applied to -

- Financial and non-financial remuneration; and
- Fixed and variable remuneration.

The Framework is unbiased considering both individual employee and business performance, so that the remuneration does not favour the interest of the Group or any one individual employee. No external parties are used in the development of the remuneration policies and practices.

The Group Remuneration Policy aims to:

- Provide for sufficient incentives so as for all individuals, to achieve their agreed objectives in line with the Group's strategy; and
- Deliver an appropriate link between reward and performance whilst at the same time become a comprehensive, consistent, and effective risk management tool that prevents excessive risk taking and/or mis-selling practices considering financial incentives schemes, which could lead to compliance risks for the Group in the long-run.

The Group ensures fair remuneration in line with local standards for all geographies where it has a presence. The following aspects are taken into consideration:

- Place of employment and costs of living;
- Level and responsibilities of each individual;
- Local market (overall and with regard to specific roles);
- Qualifications and certifications; and
- Overall remuneration package.

6.2 Risk Management

The Company recognises the importance of promoting sound and effective risk management which promotes responsible staff behaviour linked to risk adjusted performance.

In accordance with SYSC 19G (the MIFIDPRU Remuneration Code), CCUK applies its remuneration policies and practices on a proportional basis, taking into account the size, internal organisation, and the nature, scope and complexity of its activities. As a non-SNI MIFIDPRU investment Firm, CCUK is not subject to the more stringent requirements applicable to larger or systemically important institutions (for example, mandatory deferral, pay-out in instruments, and retention requirements). Instead, the Firm ensures that its remuneration framework is appropriate to its business model and risk profile, with a focus on aligning incentives to sound and effective risk management, the prevention of excessive risk-taking, and the delivery of good outcomes for clients in line with the FCA's Consumer Duty.

Performance scorecards for relevant staff include non-financial metrics alongside financial performance indicators which is designed to reinforce accountability for fair treatment of clients. Material Risk Takers and senior management are assessed not only on commercial delivery but also on their contribution to delivering positive client outcomes.

6.3 Remuneration Elements

6.3.1 Financial Incentives

The Company's remuneration includes:

- Financial Remuneration (i.e. salary, allowances, and variable incentives); and/or
- Non-financial Rewards i.e. career progression or applicable benefits (such as health insurance, events, seminars, upskilling, etc.);

Fixed and variable Remuneration is different for each position/role depending on the position's actual requirements, and it is determined in a way that reflects the role performed by the person and the specific requirements for the role.

Factors taken into account in order to define Remuneration for all Employees are the following:

- the financial viability of the Company,
- the individual's performance is measured based on achievements, professional development, compliance with the Company's policies and procedures, compliance with regulatory requirements, commitment, etc.)

6.3.2 Variable Incentives

The Company applies a variable remuneration approach across all Sales based roles and operates a sales commission scheme which is both fair and transparent, and which has been designed to deliver good outcomes for the Company's customers.

For eligible Employees, work performance will be assessed on a yearly basis (depending on roles and responsibilities); assessment will start upon commencing employment, by their managers, according to the plan which the relevant Employees are eligible for.

Depending on the department, the following items may be measured:

- Response time to Client emails or chats;
- Scoring of Employees from call monitoring results;
- Time required for the execution of a withdrawal request;
- Number of conversions per month; and/or
- Other criteria as defined by individual plans.

The Company also evaluates qualitative criteria which can be adjusted as appropriate to reflect behaviours and performance in relation to risk and compliance behaviours. Those responsible to approve variable pay-outs are informed of relevant risk and compliance issues, breaches or failure which might affect those decisions. Examples of the criteria are:

- customer satisfaction rating for tickets and chats;
- Number of Client complaints received;
- Knowledge of the industry and how the Company operates;
- Compliance with the Company's processes and procedures;
- Understanding of how to work with other teams; and
- Teamwork, creativity, and engagement.

All other Employees (outside of the Sales team) are eligible to be considered for the Company Discretionary Annual Bonus Plan. The overall bonus pot is defined based on the Company meeting its strategic objectives in line with the business plan set by the Board at the beginning of each year and the Company's overall compliance with the regulatory frameworks. The discretionary element of this plan enables risk and compliance considerations to be taken into account.

For Employees eligible for the annual discretionary bonus, the following four (4) main criteria will be assessed:

- Company performance and compliance (access and overall bonus pot definition)
- Employees start date
- Individual performance (including compliance with overall policies and procedures)
- Achieving personal objectives/OKRs/KPIs.

6.3.3 Fixed Remuneration

All Company Employees receive a fixed base salary which is relevant to their role and function. In line with Global Performance Review, the base salary is reviewed on an annual basis.

6.3.4 Benefits

Benefits and perks provided to individuals are not Employee performance-related and are considered part of the fixed Remuneration. All Employee benefits are benchmarked according to the market conditions and competitors.

6.3.5 Pension

Employees receive a pension in line with statutory requirements. The Company promotes diversity, ethics, fairness, and inclusion best practices. In addition, it is gender-neutral in its application and is designed to create equal remuneration opportunities based on objective considerations.

6.4 Performance Review and Remuneration Cycle

The performance review process, in line with the Group Remuneration Policy, is based on long-term performance. Performance is formally reviewed annually thereafter with the Performance Cycle being January to December each year.

6.5 Decision Making Process

The principles for setting Remuneration are considered, reviewed, and approved by the Group Remuneration Committee which also oversees Company Employees. The Committee meets regularly to consider all global matters relating to Remuneration.

The actual levels of Remuneration for new roles, and any changes to Remuneration for existing Employees must be authorised and agreed by the relevant Budget Owner and the Founder of the Group.

Managers and Department Heads may make suggestions and recommendations on appropriate levels of Remuneration and indeed are likely to be asked to provide such information during the remuneration cycle and from time to time as appropriate.

The process for agreeing remuneration changes is as follows:

1. Recommendations are sought or provided from an Employee's Manager;
2. Recommendations are sought or provided from an Employee's Head of Department;
3. Heads of Department will agree proposed changes to Remuneration following discussion with HR;
4. HR and Heads of Department will recommend proposed changes to the Budget Owner;
5. The Budget Owner will approve or reject the proposed changes; and
6. HR will produce appropriate documentation on Remuneration to be sent to Employees to confirm changes.

6.6 Material Risk Takers

In accordance with SYSC 19G.5, the Company identifies individuals whose professional activities have a material impact on the Company's risk profile. Such

individuals are known as Material Risk Takers (or "MRTs"). The Company has applied the criteria set out at SYSC 19G.5.3R to identify the relevant individuals.

The Company's annual remuneration to Senior Management, Material Risk Takers, and staff members as at 31.12.2024 for the year was as follows:

	No. of Staff	Fixed Remuneration for 2024 (GBP)	Variable Remuneration for 2024 (GBP)	Total Remuneration for 2024(GBP)
Senior Management*	2	672,667	561,480	1,234,147
Material Risk Takers	11	2,860,971	1,028,430	3,889,401
Other staff members	154	7,455,785	1,020,087	8,475,872

**Please note that some Senior Management will also be Material Risk Takers*

Any severance pay would be paid in line with statutory requirements. No severance payments were to MRTs in 2024.

7. Investment Policy

In accordance with MIFIDPRU 8.7.6, a MIFIDPRU Firm should disclose information regarding its investment policy:

- Only in respect of a company whose shares are admitted to trading on a regulated market;
- Only where the proportion of voting rights that the MIFIDPRU investment Firm directly or indirectly holds in that company is greater than 5% of all voting rights attached to the shares issued by the company and;
- Only in respect of shares in that company to which voting rights are attached

As CCUK does not meet the requirements above, it is not required to make the disclosures in relation to its investment policy.

8. Further Information

Questions to this Report should be addressed to the Compliance Department: compliance.uk@capital.com