JonesTrading International Limited

MIFIDPRU 8 DISCLOSURE

Financial Year Ended 31s December 2022

1. INTRODUCTION

1.1. Background

JonesTrading International Limited ("the Firm") is prudentially regulated as a non-SNI MIFIDPRU investment firm. The Firm is Authorised as an institutional broker and acts as either on an agency basis or as a matched principal broker and, thus, has no trading book exposures. It is permitted to act only for Eligible Counterparties and professional clients. The Firm is authorised and regulated under UK legislation by the Financial Conduct Authority ("FCA").

Due to its ownership structure, the Firm is not a member of an investment firm group and therefore is not required to issue disclosures on a consolidated basis for prudential purposes. The Firm is a solo regulated entity with a non-EEA controller.

1.2 Scope of Application

JonesTrading International Ltd, as the individual MIFIDPRU Investment Firm, meets the level of application as defined in MIFIDPRU 8.1.7. As a result, the Firm is required to meet its MIFIDPRU chapter 8 disclosure obligations on an individual basis.

1.3 Disclosure Policy

This Disclosure is in line with the most recent published financial statements for the Firm as at 31 December 2022.

The MIFIDPRU Disclosure obligations, under MIFIDPRU chapter 8, require publication on an annual basis. The FCA expects this to be published on the Firm's website. This Disclosure will be assessed and amended if there are any material changes within the period of Disclosure.

This Disclosure has been approved by the governing body of the Firm and are not subject to audit, except where they are prepared under accounting requirements for publication.

2. GOVERNANCE

2.1 JonesTrading International Limited's Board

The Board has overall responsibility for the activities of the Firm. The Board consists of the Firm's directors. Together, they oversee the process of risk management, financial reports, and remuneration. The Board is assisted by an external compliance advisor, legal counsel, alongside the parent company's Compensation Committee. As at the reporting date, the Board considered that it had in place adequate and appropriate systems and controls with regard to the Firm's strategy and that the Firm is properly resourced and skilled, to avoid or minimise loss.

2.2 Directorships

The total number of executive and non-executive directorships held by members of the Board as at 31 December 2022 are as below.

Name of Director/Senior Manager	Directorships
Darren Yarlett	3
Marc Altmann	2
Alan Hill	1

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

2.3 Diversity

The Firm operates in a gender-neutral working environment and does not discriminate against any protected characteristics. The Firm ensures its Remuneration Policy is compliant with the Equality Act 2010.

3. RISK MANAGEMENT

The Firm's general risk management objective is to minimise the risks to the Firm's clients, its counterparties, and other stakeholders and to ensure it remains in full compliance with its regulatory and legal obligations. The Firm's risk appetite is reviewed on a regular basis and updated in accordance with the evolving strategy, business model, financial capacity, business opportunities, regulatory constraints, and other internal and external factors.

The Firm oversees and manages its risks through a combination of routine monitoring of policies and procedures, an efficient reporting process, an annual independent audit, a Compliance Manual, and the use of an independent outsourced compliance adviser. The Board of Directors has an overall responsibility for the process of risk management, as well as to determine the business strategy and risk appetite along with establishing, implementing, and maintaining adequate risk management policies and procedures. These policies and procedures are updated as required, having regard to the relevant laws, standards, principles, and rules (including FCA Principles and Rules).

Risk is inherent in all businesses and, therefore, arises in the normal course of the Firm's activities. The Firm accepts this and seeks to effectively identify, monitor, manage and mitigate each of the risks and they actively promote a risk awareness culture throughout the organisation. Appropriate action is taken where risks are identified which fall outside of the Firm's risk tolerance levels or where the need for remedial action is required in respect of identified weaknesses in the Firm's systems and controls environment which has been established to mitigate such risks.

Under MIFIDPRU, the Firm's senior management is responsible for establishing and maintaining its Internal Capital Adequacy and Risk Assessment (ICARA). This requires the Firm to assess the Firm's capital and liquidity requirements and ensure it has sufficient own funds and liquidity resources at all times to meet the Overall Financial Adequacy Rule (OFAR) throughout the business cycle, whether in a Business as Usual or stressed environment. The ICARA assesses the aforementioned capital needs in a way which is consistent with the Firm's stated risk profile and operating environment. The Firm ensures that throughout its ICARA process, it identifies its material risks which are reviewed and amended where necessary by the Firm's board on an annual basis, and its winding down plan to ensure the Firm holds sufficient Own Funds and Liquidity to both mitigate its material risks and is able to wind down in an orderly manner.

3.1 Own Funds Risk

The Firm's main business risk relates to the medium and long term profitability of the Firm that could be adversely affected by the failure to identify and implement the correct strategy and to react efficiently to changes in the business and market environment.

The Firm's revenue is solely reliant on commissions generated through its institutional agency and Matched Principal brokerage activities. Therefore, the Firm's risk relates to a lack of liquidity or volatility in the markets or uncompetitive pricing.

This risk is assessed and mitigated as part of the ICARA process by clearly defining the Firm's strategy, analysing various economic scenarios to reduce single event and macroeconomic exposure.

3.3 Credit Risk

Credit Risk refers to the risk of financial loss arising from the failure of a client or other counterparty to meet its outstanding obligations and from cash and deposits held with financial credit institutions.

The Firm is primarily exposed to Credit Risk from the failure of client transactions executed on a Delivery versus Payment (DvP) basis. It holds all liquidity with large international credit institutions with high credit ratings. Consequently, the risk of past due or impaired exposures is minimal. A financial asset is past due when a counterparty has failed to make a payment when contractually due. Impairment is defined as a reduction in the recoverable amount of a fixed asset or goodwill below its carrying amount.

3.5 Liquidity Risk

The Firm is required to hold sufficient financial resources to enable it to meet its obligations as they fall due or to ensure that it can secure adequate amount of assets in the event of a stress situation.

The Firm maintains an amount of free funds it considers suitable for providing sufficient liquidity to meet its liquid asset threshold requirements under normal and stressed business conditions. This is supported by a prudent budgeting and forecasting process, as well as monitoring of the Firm's cash position by the senior management on a regular basis. Accordingly, the Firm has always held sufficient liquidity to meet its contractual obligations as and when they arise.

4. CAPITAL ADEQUACY

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

4.1. Own Funds

The table below shows the Firm's Own Funds. This is made of Common Equity Tier 1 (CET1) capital, Additional Tier 1 capital and Tier 2 capital held by the Firm. In this case the Firm benefits from only CET1 capital.

Own Funds	£000s
Common Equity Tier 1 Capital	452
Additional Tier 1 Capital	0
Tier 2 Capital	0
Total Own Funds	452

5. OWN FUNDS REQUIREMENT

The Firm's Own Funds Requirement is calculated in accordance with MIFIDPRU 4.3, which states that the Firm's own funds requirement as a non-SNI Investment Firm is the highest of the following components:-

- Its permanent minimum capital requirement under MIFIDPRU 4.4;
- Its fixed overheads requirement under MIFIDPRU 4.5;
- Its K-factor requirement under MIFIDPRU 4.6

As at December 2022	£000s
Permanent Minimum Capital Requirement	150
Fixed Overheads Requirement	160
K-Factor Requirement	4
Sum of K-AUM, K-CMH and K-ASA	0
Sum of K-COH and K-DTF	1
Sum of K-NPR, K-CMG, K-TCD and K-CON	3
Own Funds Requirement (Maximum of PMR, FOR and K-Factor Requirement)	160

6. REMUNERATION

6.1 Approach to Remuneration

The Firm does not link remuneration directly to the performance of the Firm, or that of the Group, rather, the Firm's performance may be a factor in determining variable remuneration. The Firm also considers its non-financial criteria when assessing remuneration.

Any discretionary bonus scheme pools are calculated by reference to the Firm's net operating profit, where the underlying revenue is not subject to recovery or downward adjustment. Employees are not encouraged, and the Firm's remuneration schemes do not reward, the taking of market or trading risks. The Firm operates remuneration through 3 schemes: JonesTrading Institutional Services LLC Discretionary Bonus Scheme; JTIL Management Bonus Scheme and JTIL Equity Award Pool.

The discretion held by the Board of the Firm ensures that the Firm is able to retain employees in executive positions who are vital to the Firm's strategic development. The Firm has no obligation to pay variable remuneration other than out of realised profits which are not subject to later reduction (after subtracting all expenses relating to running the business) to allow for a fully flexible policy. Accordingly, the Firm's total variable remuneration does not limit its ability to strengthen its capital base.

6.2 Remuneration Objectives

The Firm's financial incentives are designed to attract and retain employees with the appropriate skills, knowledge and expertise to enable the Firm to deliver its long-term strategic goals, widen its client base and expand into similar areas of business as and when the appropriate opportunities arise, in each case in a manner which is consistent with and which promotes effective risk management and does not expose the Firm to excessive risk.

6.3 Remuneration Governance

The Firm has in place a Remuneration Policy which is approved by the Board at least annually.

The Firm does not meet the criteria to form a remuneration committee under SYSC 19G. In view of the nature and size of the Firm, the Board does not believe it is proportionate to have a Remuneration Committee but will periodically monitor the remuneration practices of the Firm to determine if the implementation of such a committee would enhance its practices. The Board has oversight of the Firm's remuneration policies and refers to its remuneration Terms of Reference and the MIFIDPRU remuneration code. Furthermore, the Firm ensures that the Firm's standards, fairness, compliance objectives, corporate governance and maintaining a sound capital base are not compromised by its remuneration incentives. The Firm has used external consultants to assist in the development of its remuneration policies and practices.

6.3 Material Risk Takers

As the Firm is categorised as a non-SNI MIFIDPRU Investment Firm, staff members whose activities have a material impact on the risk profile of the Firm or of the assets that the Firm manages are categorised as material risk takers (MRTs) under SYSC 19G.5.3R.

The Firm has identified two material risk takers, of which both are Senior Managers of the Firm.

6.4 Total Remuneration

Remuneration	Total for Firm (£)
Total Remuneration	312,929.17
Of which:	
Fixed Remuneration	189,999.96
Variable Remuneration	122,929.21
Total Number of MRT's	2

For the purposes of complying with MIFIDPRU 8.6.8 (7), the Firm has not disclosed remuneration split across its Senior Management and other MRT's as this would lead to the disclosure of information about two people. Therefore, the Firm is exempt from obligations in MIFIDPRU 8.6.8 (4), (5)(a), (5)(b) and (6).

The Firm has paid guaranteed variable remuneration and/or severance payments during the period of this report as set out below:

	Total for Firm
Guaranteed Variable Remuneration	0
Severance Payments	0

Appendix 1: COMPOSITION OF REGULATORY OWN FUNDS

Composition of regulatory own funds			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	453	12
2	TIER 1 CAPITAL	453	12
3	COMMON EQUITY TIER 1 CAPITAL	453	12
4	Fully paid up capital instruments	3,360	12
5	Share premium		
6	Retained earnings	(2,908)	12
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	0	
19	CET1: Other capital elements, deductions and adjustments		
20	ADDITIONAL TIER 1 CAPITAL	0	
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	TIER 2 CAPITAL	0	
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
		As at period end	As at period end	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Tangible Assets	29		
2	Debtors: amounts falling due within one year	20		
3	Cash at bank and in hand	562		
4				
5				
xxx	**Total Assets**	582		
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
1	Creditors: amounts falling due within one year	158		
2				
3				
4				
xxx	**Total Liabilities**	158		
Shareholders' Equity				
1	Called up share capital	3360		4
2	Profit and loss account	(2908)		6
3				
xxx	**Total Shareholders' equity**	542		

Own funds: main features of own instruments issued by the firm
Allotted, called up and fully paid 3,360,000 Ordinary shares of £1.00 each