Investment Firms Prudential Regime (IFPR) Disclosure

For the year ended 31 December 2023

IFPR Disclosures

31 December 2023

The Investment Firms Prudential Regime (IFPR), implemented in January 2022, requires all MiFID investment firms to make certain public disclosures according to Financial Conduct Authority (FCA) rules, increasing transparency and giving an insight into how the business is run.

Orbit Investment Securities Services Ltd ("the Firm") is authorised and regulated by the FCA and this document is designed to meet our obligations and has been prepared according to the rules set out in MIFIDPRU8. The reference date is 31 December 2023 which is the Firm's accounting reference date and financial year end.

Scope and application

For the purposes of this disclosure the Firm is categorised as a non-SNI MIFIDPRU firm by reference to a series of permission-based and quantitative thresholds. Qualitative disclosures are appropriate to the Firm's size and internal organisation and the nature, scope, and complexity of the Firm's activities.

The Firm is required to disclose on an individual entity basis and these disclosures have been prepared in line with the requirements described in MIFIDPRU 8. These disclosures are published on at least an annual basis in line with the annual publication of the Firm's audited financial statements, with reference point 31st December 2023. Revised disclosures will be published should significant changes occur to the Firm's business model. None of the disclosures have been audited and they have been produced solely for the purposes of satisfying the MIFIDPRU requirements.

Governance Arrangements (MIFIDPRU 8.3) and Risk Management Objectives (MIFIDPRU 8.2)

The firm's corporate governance framework enables the Board and the Executive leadership to structure and organise the business operations in a manner that promotes the prompt and effective implementation of the Company's Strategic objectives.

The directors and senior leadership team are comprised of persons who have the necessary skill and experience and meet regularly to review all aspects of the firm's business including business strategy, planning, financial results and risk and compliance matters.

In appointing new Directors, the Board will give consideration only to candidates who are highly qualified based on their experience, functional expertise, and personal skills and other qualities of directors. Furthermore, it will consider diversity criteria including gender, age, nationality, ethnicity and educational and professional background, all set in line with the size, nature and complexity of the business.

The Board consists of a total of 3 Directorships (two Executive and one Non-Executive). The Non-Executive Director has been appointed as the Chairman of the Board Meetings.

The firm operates a risk-focused governance structure which enables risk to be considered at every level. The directors set the firm’s risk profile and monitors the firm’s ongoing performance against its risk attitude and its desired risk appetite. The directors consider the Key Harms and Risks applicable to the firm to be;

- Strategic & Business Risk – the firm is exposed to strategic and business risk through its business planning and execution of its strategy. Changes to the business environment and the introduction of new market regulations will give rise to the need for further planning.

- Market Risk – the firm is exposed to market risk in relation to investments that it holds in its own name.

- Liquidity Risk – the firm is exposed to the risk that it does not have available sufficient financial resources to meet its obligations as they fall due.

- Operational Risk – the firm is exposed to the risk of loss, both financial and reputational, as a result of inadequate processes, people or systems.

The directors have adopted risk management policies and procedures which are proportionate to the nature, scale and complexity of the firm's business. The identification and mitigation of the identified risks are part of the day to day responsibilities of the firm's management, and these risks are reviewed on a regular basis by the directors and senior management. Due to the size of the business, the firm does not have a separate risk committee.

Own Funds (MIFIDPRU 8.4)

This disclosure has been made in accordance with the MiFIDPRU 8.4 requirements using the MiFIDPRU 8 Annex 1R template as required. The information contained within this section is as of 31st December 2023.

Template OF1 - 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**	10,576	
2	**TIER 1 CAPITAL**	10,576	
3	**COMMON EQUITY TIER 1 CAPITAL**	10,576	
4	Fully paid up capital instruments	1,010	Page 14
5	Share premium		
6	Retained earnings	9,566	Page 13
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		
19	CET1: Other capital elements, deductions and adjustments		
20	**ADDITIONAL TIER 1 CAPITAL**		
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**		
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		

Template OF2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
Flexible template - rows to be reported in line with the balance sheet included in the audited financial statements of the investment firm. Columns should be kept fixed, unless the investment firm has the same accounting and regulatory scope of consolidation, in which case the volumes should be entered in column (a) only. Figures should be given in GBP thousands unless noted otherwise.				
		a	b	c
		Balance sheet as in published/audited financial statements	**Under regulatory scope of consolidation**	**Cross reference to template OF1**
		As at period end	**As at period end**	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Debtors <1Yr	123		
2	Current Asset Investments	8,165		
3	Cash and Cash Equivalents	2,643		
4				
5				
xxx	**Total Assets**	10,929		
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
1	Creditors <1yr	(354)		
2				
3				
4				
xxx	**Total Liabilities**			
Shareholders' Equity				
1	Called up Share Capital	1,010		
2	Retained Earnings	9,566		
3				
xxx	**Total Shareholders' equity**	10,576		

Own Fund Requirements (MIFIDPRU 8.5)

This disclosure has been made in accordance with the MiFIDPRU 8.5 requirements. The information contained within this section is as of 31st December 2023 unless stated otherwise. The Firm has complied with its own funds requirement throughout the period.

IFPR OWN FUNDS REQUIREMENT	As at 31/12/2023 (£'000s)
Permanent Minimum Requirement (PMR)	**750**
Fixed Overhead Requirement (FOR)	**234**
Sum of K-AUM, K-CMH and K-ASA	69
Sum of K-COH and K-DTF	3
Sum of K-NPR, K-CMG, K-TCD and K-CON	0
Total K-Factor Requirement	**71**
TOTAL OWN FUNDS REQUIREMENT	**750**

MiFiDPRU 7 requires firms to comply with the Overall Financial Adequacy Rule ("OFAR"). The OFAR states that the Firm must at all times hold own funds and liquid assets which are adequate, both in amount and quality to ensure it that:

- The Firm remains financially viable throughout the economic cycle, with the ability to address any material potential harms 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.

As part of the ICARA process the adequacy of capital to support current and future activities is monitored to ensure that the Firm has adequate capital and liquidity to enable it to manage risks not deemed to be adequately covered under the Pillar 1 minimum requirements. This is a forward-looking exercise with the level of capital and liquidity required by the Firm being assessed through reviewing a number of scenarios, as determined by the Board and Senior Management, and comparing them with the base case scenario of our budgeted business plan. This approach identifies the timescale and extent of possible capital and liquidity deficiencies should an adverse scenario arise. The additional level of capital and liquidity required to cover the Firm against such a scenario can then be assessed and / or the mitigating actions identified which are required to ensure a continued capital and liquidity surplus. In addition, the Firm must ensure that it has adequate own funds and liquid assets so that its business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The ICARA will be updated and formally reviewed, challenged and approved by the Firm's Board and Senior Management on an annual basis, or more frequently if fundamental changes to the business require it.

Remuneration Policy Disclosure Requirements (MIFIDPRU 8.6)

MiFIDPRU 8.6.2 requires the Firm to disclose information on remuneration policy and practices for those categories of staff whose professional activities have a material impact on its risk profile.

The Board of directors oversee and approve the remuneration policies, practices and procedures for the firm in a manner which ensures successful retention, recruitment and motivation of staff including senior management and material risk takers but without compromising on excessive risk taking and alignment of interests.

The firm operates a fixed remuneration policy with a discretionary annual bonus scheme and there are no contractually variable components, deferred payments, malus or claw-backs applicable to the remuneration for any material risk takers. The firm does not offer any share based incentives to any of its employees.

The Board applies prudent judgement in evaluating performance, taking into consideration individual, team and company performance. The firm believes that this approach to structuring remuneration is appropriate to the nature, size and complexity of the business and that the absence of a contractual variable reward directly linked to individual performance avoids employees from excessive risk taking.

Fixed Remuneration

Fixed remuneration is composed of salary plus any additional non-performance related amounts paid as a result of contractual obligations or applicable law, or as a result of market practice. The fixed remuneration of an employee is determined by the job performed, its level of complexity and responsibility, and the remuneration paid in the market for that type of job. It is set for all staff, at a rate to be at all times sufficient to provide for full flexibility with regard to any variable remuneration element, including zero variable remuneration.

Variable Remuneration

All employees are eligible to be awarded variable compensation but have no entitlement to such awards which are purely discretionary in nature. In general, the total compensation pool for the Firm, including any variable incentive pool, is based on the total profitability of the business.

Quantitative Remuneration Disclosure

The Firm is required to disclose quantitative remuneration information for its employees in a manner that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities. The Firm has taken reliance of MiFIDPRU 8.6.8(7) which exempts the Firm from having to disclose further detailed information regarding the remuneration of its employees because this breakdown would result in disclosure of information relating to one or two individual material risk takers. The firm has a total of five Material Risk Takers.

Total aggregate remuneration for Senior Management and Material Risk Takers is £283k of which £283k is fixed remuneration and £0 is variable remuneration.

Investment Policy (MIFIDPRU 8.7)

The Firm does not meet the conditions of MiFIDPRU 7.1.4R and is therefore not required to disclose information on its investment policy.