

MIFIDPRU

Public Disclosures 2022



ADM Investor Services
International Limited

ADM Investor Services International Limited ('ADMISI')

31 December 2022

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1) Introduction

Background

In January 2022, the FCA introduced the 'Investment Firms Prudential Regime' (IFPR), a new regime for UK firms authorised under the Market in Financial Instruments Directive (MIFID). The disclosure statement is set out as part of the IFPR to fulfil the regulatory disclosure requirements set out by the Financial Conduct Authority (FCA) in the prudential handbook, MIFIDPRU 8.

ADM Investor Services International Limited (ADMISI) is a wholly owned subsidiary of Archer Daniels Midland (UK) Limited in the UK. ADM Investor Services International Limited (ADMISI) is regulated on a solo entity basis.

The disclosures contained in this document have been approved by ADMISI's Board of Directors.

2) Disclosure Policy

ADM Investor Services International Limited (ADMISI) undertakes activities within the MIFID scope and is subject to disclosure requirements outlined in MIFIDPRU 8.

ADMISI makes available its disclosures on an annual basis and on a Solo entity basis.

These public disclosures are not required to be subject to external audit but instead has been approved by ADMISI's Board of Directors. These disclosures are only subject to external verification to the extent that they contain figures taken from the annual audited financial statements.

ADMISI has omitted certain information which it deems proprietary or confidential.

Proprietary/confidential information if disclosed will undermine a competitive position or breach an obligation of confidence between the firm and its customers, suppliers and counterparties.

The annual public disclosure report is available on the company's website at www.admisi.com

Copies of the statement is also available on request.

3) Scope and Application

ADMISI's Overview

ADM Investor Services International Limited ('ADMISI') is a wholly owned subsidiary of Archer Daniels Midland (UK) Limited in the UK, which in turn is a wholly owned subsidiary of Archer Daniels Midland Company (ADM) in the USA (a publicly traded company).

ADMISI is a multi-asset brokerage company, based in London, UK.

The company's principal activity is to act as a brokerage business on the Commodities and Securities Markets. ADMISI acts as a clearing and executing broker for clients carrying out transactions in commodity and financial futures and options, equities, equity contracts for differences, foreign exchange business and fixed income products.

Trading is primarily undertaken on a matched basis on recognised exchanges or with other brokerage firms. However, a proportion (4-5%) of exchange traded derivatives business is undertaken as execution and then given up to the prime broker(s) or global clearer(s) of the client in accordance with give up agreements that are in place.

The firm does not undertake any proprietary trading activities and there is no intention to enter into this area. As no principal account positions are taken, there are no trading book positions that need to be funded. The only exceptions to this being error trades or facilitation trades (typically in foreign exchange or some commodities) that need to be traded and allocated to close a client position.

The firm does not trade OTC contracts except for Equity contracts for differences (CFDs) and spot/forward FX.

Overview of ADMISI Core Business Lines

Business undertaken by ADMISI is entirely customer driven. Key markets are commodity derivatives in metals, energy, and softs; financial derivatives in currencies and precious metals; securities markets in equities, equity and index options, equity CFDs, and fixed income; and cash FX spot and forwards in various currency pairs.

Commodity Markets: As a subsidiary of one of the world's leading food processors, we have a wealth of expertise in agricultural markets. Experienced and professional teams in each of the main fields of the industry - energy, metals, grains, sugar, coffee and cocoa, support this. Our 24-hour trading desk enables ADMISI to cover all aspects of the industry - around the clock and around the globe.

Equities and Fixed Income Markets: As members of the London Stock Exchange, we have a highly knowledgeable and active securities group to meet clients' requirements. Our 24-hour desk is also there to support all client trading through the time zones in all markets throughout the year.

Foreign Exchange: ADMISI execute FX transactions for many clients in relation to their currency exposures and requirements, serviced by its highly experienced team in foreign exchange.

Market Analysis: ADMISI provides market commentary covering all topics in the business; these are published on our website or delivered by email or hard copy according to the needs of individual/groups of clients.

Clearing/Straight through Processing: a highly experienced and professional team supports all aspects of clients' accounts from execution through to settlement. Clearing and Settlement capabilities are a core competency for ADMISI.

Electronic Trading Platforms/Direct Market Access: ADMISI is able to provide access to the most dynamic trading systems in the industry in futures, options, FX, Equity CFDs and equities. ADMISI provide a full brokerage service that includes clearing and brokerage into all major investment markets and exchanges. The strategy is to provide customers access to an extensive range of investment opportunities, enabling effective risk management in all market conditions.

4) Risk Management

4.1) Introduction

ADMISI considers risk management to be fundamental to the successful achievement of its business objectives. Effective risk management underpins ADMISI's long term sustainability and growth. An enterprise-wide risk management framework is implemented across the firm. The embedded enterprise-wide risk management framework ensures the continuous monitoring, managing and mitigating of risks faced by the firm.

ADMISI's Risk Culture

Risk culture is defined as the norms, attitudes and behaviours related to risk awareness, risk taking and risk management. The risk culture for ADMISI is set as 'tone from the top' which is driven by the firm's management.

The 'ADM way' code of conduct, the various mandatory risk awareness trainings undertaken by the staff and staff induction programs are all designed to ensure ADMISI's risk culture is embedded in the fabric of the firm and governs the firm's day to day operations. This helps to ensure ADMISI's risk profile is within its articulated risk appetite by continuous monitoring and managing of risks. ADMISI ensures that its business strategy, risk strategy and risk appetite are linked and communicated across the firm; to ensure that decision-making at all levels of the firm reflects the firm's approach to risk management.

4.2) Statement of Risk Appetite

Our Risk appetite statement expresses the maximum level of risk that we are willing to accept, under both normal and extreme market conditions, to achieve our strategic objectives. ADMISI ensure that its risk appetite is lower than our maximum risk capacity.

The ADMISI Board are responsible for setting the risk appetite of the business and for delegating the day-to-day control and monitoring of risk to the executive management of the firm, through appropriate governance mechanisms. The Risk Appetite Framework that we operate within is an overall approach including policies, processes, limits, controls and systems through which our risk appetite is established, communicated and monitored.

Risk appetite limits are set at a level where if breached it would necessitate immediate escalation and corrective action.

The material risks/harms faced by ADMISI are Credit and Counterparty Risk, Market Risk, Liquidity Risk and Operational Risk.

The firm also performs regular stress testing of its clients positions. These stress tests check the firm's financial positions and the risk profile, to ensure the firm has sufficient resilience to withstand severe economic and idiosyncratic stresses. It also prompts the firm to produce workable action plans to mitigate such risks before the stresses materialise. Details of stress tests feed into the ICARA and the Recovery Plan.

Analysis of ADMISI Risks/Harms

Credit and Counterparty Risk:

Credit risk is the risk that a counterparty will not meet its obligations under a financial instruments or customer contract leading to a financial loss. ADMISI is exposed to credit and counterparty risk through client margin obligations, the risk of possible default of counterparties, as well as banks or central counterparties defaulting on trade settlement. In addition, there is an inherent risk in the markets we operate in where clients have the ability to go to physical delivery.

Counterparty risk is monitored daily by way of client margin calls monitored by the Risk team. Other monitoring process by the Risk team includes back test breaches on a portfolio level and various in-house models to ensure margins applied will sufficiently cover market moves to mitigate possible counterparty losses.

Credit risk exposures arising from placement of deposits with banks is mitigated by through the placement of funds with banks with high credit ratings. Credit risk, for margin finance customers, is monitored in the form of periodic reviews of client financials and quarterly reviews of management accounts.

Market Risk:

Market risk is the risk of adverse movements in the values of equities, bonds, foreign currency and other financial instruments.

Market Risk faced by ADMISI is limited due to the back-to-back nature of our clients' derivatives positions, with the exception of LME calendar spreads. A strategic choice has been made not to hold proprietary positions in order to eliminate any possible conflict between house positions and those of our clients.

Market volatility is assessed daily and live using our intraday monitoring tool. Market risk on OTC offerings is managed using in house VAR models.

The firm also faces interest rate risk as interest margin is earned on certain positions held by clients and the firm is also affected by volatility in interest rate environment.

Liquidity Risk:

Liquidity risk is the risk that ADMISI, though solvent, either does not have sufficient resources available to it to enable it to meet its obligations when they fall due or can secure them only at excessive costs. Liquidity Risk for ADMISI is mainly from holding exchange memberships with liquidity commitments.

Such memberships require debit authority to be given to CCPs/ exchanges to allow for immediate settlement of margin calls. The time lag from being called for margin by exchanges/CCPs and receiving funds from a client creates a liquidity risk intraday and overnight. To mitigate the liquidity risk, the firm has in place a committed credit facility from its parent company (ADM UK) available to draw down during market volatility. The Risk team will also call clients for margin intraday to mitigate the liquidity risk. Additionally, regular stress testing is conducted for different stressed scenarios and results from these stress testing is fed into the firm's risk appetite - which ensures Liquidity contingency plans are robust and adequate.

Operational Risk:

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external causes. ADMISI maintains an Operational Risk Register – that ensure it monitors and mitigate operational risks by implementing preventive and corrective measures. The main operational risks that ADMISI is exposed to are:

1) Regulatory Risk:

This is the risk of breach of UK regulatory rules/legislation that could mean fines and sanctions being incurred which may result in ADMISI diminishing reputation in the markets. The amount and complexity of regulatory changes continues to be significant coupled with ever increasing regulatory focus on firms. The result of this is an increase in the size and frequency of regulatory fines for rules breaches and control weaknesses. In response to the evolving regulatory landscape, ADMISI has invested in the compliance department by hiring high calibre compliance professionals. The firm has also invested in new IT system and Risk monitoring systems. There is ongoing mandatory staff training to ensure staff are aware and compliant with all regulatory rules.

2) Key Person Risk:

Key person risk is the risk of loss of key staff and skilled resources across the business units in ADMISI. Loss of key personnel may lead to loss of business and operational capacity affecting delivery of business objectives including loss of revenue. To mitigate this risk a remuneration retention policy is in place to address such situation. Key person risk in senior management is addressed by succession planning process by Human Resources team.

3) Reputational Risk:

The reputation and standing of ADMISI is very important. The potential impact of any damage to the firm's reputation is assessed as a significant risk as regulatory activities are conducted on trust which will be eroded by reputational damage. This may also lead to regulatory censure. ADMISI has policies and procedures in place to mitigate this risk – policies covering employee hiring, new business, business conduct policies and procedure countering fraud and corruption.

4) Customer Service Risk:

This is risk is that poor customer service may lead to financial losses for the ADMISI's clients. This risk is mitigated by the firm by having a dedicated customer services function to limit any significant matters from arising. The company promptly deals with customer issues and complaints resulting in quick resolution.

5) Legal/Litigation/Enforcement Risk:

The risk arises when ADMISI operates outside the boundaries of its regulatory authorisation or offers products that are deemed illegal or against public policy. Ligation risk arises when clients allege that ADMISI has been negligent in its business activities and may allege that ADMISI does not have the right to close out against them. Enforcement Risk is when ADMISI's framework of contracts may not be enforceable, or some obligations are not valid as exercised by the firm.

The above risks are mitigated by the fact that ADMISI as an FCA regulated entity conducts its operations in accordance to regulatory permissions. Also, ADMISI contractual frameworks are in line with market standards and have been reviewed by reputable law firms and legal opinions exist to support the validity of the contracts. ADMISI also ensures it has in place country-specific legal reviews and operational controls in place to ensure there are no concentration of clients in jurisdictions where enforcement is difficult.

6) Business Continuity Risk:

The is the risk that an external or internal event results in either the failure or detriment to core business processes and services – which will cause interruption to ADMISI's services to its clients (unable to execute/clear clients trades), systems outages, denial to systems as a result of cyber-attacks, vendor failure and inability to access office premises (natural disaster or as a result of terrorists acts).

To mitigate this risk, the firm has a well-tested business continuity plan in place. ADMISI has other offsite data centres around UK – these data centres are regularly tested. Additionally, most of the staff now have remote access to ensure seamless work from home.

7) Cyber-Security Risk

Cyber security is breached when access to client information and data is compromised causing financial losses and reputational risk to the firm. ADMISI have robust security policy in place - this includes anti-virus software's, monitoring procedures around USB drives. Strong firewalls, data encryption etc. ADMISI continues to invest heavily in cyber security measures and appropriate training for staffs.

8) Vendor Risk:

Vendor risk is the risk of major system or software outages due to vendor's disruption (insolvency or system failure). System outages will affect ADMISI's clients by the inability to trade directly or through a broker thereby causing financial harm to the customers.

ADMISI as a firm have a few third-party vendors supported systems and to mitigate this risk there are legal contracts with vendors that allows ADMISI to terminate any vendor who is unable to provide the required service. In addition, all systems especially third-party systems go through a UAT cycle and change control before release.

9) Processing Risk:

This is the risk that the design and execution of client transaction processes fail to deliver protection to clients or company assets. This may arise from lack of operational and systems controls. ADMISI mitigates this risk by assessing the effectiveness of systems and controls regularly through the Risk and control self-assessment process.

10) Fraud Risk (Internal and External):

Fraud poses potential harm to the clients and to the firm ADMISI due to losses incurred, costs and time to improve systems/controls within the firm and if fraud is of a significant value – may result in reputational damage to the firm.

The firm mitigates this harm by ensuring all new employees are subject to enhanced vetting process prior to joining the Company and adhere to standard employment contracts. Third party payments/receipts are not permitted on behalf of clients. All suppliers of services are pre-approved within the ADMISI New Vendor system.

Segregation of duties is also in place to mitigate this risk. Customer relationships are governed by KYC procedures, and daily transactions are monitored by the compliance team. Procurement and payments for purchases are subject to various levels of authorisations and password access controls.

Business Risk:

This the risk that the strategic goals (including the profitability and growth) of the firm may not be achieved due to internal or external uncertainties – such as suboptimal strategic decisions, macro-economic, geopolitical, industry, regulatory and other factors. In addition, there is the risk that the firm may just not be able to carry out its business plan and desired strategy.

Our business is potentially high risk - the commodity business is often associated with higher risk jurisdictions and products. ADMISI's business strategy is regularly reviewed in light of evolving business environment.

ADMISI mitigates these risks by constant evaluation and analysis of different economic scenarios in order to model the impact on the firm enabling the firm to put appropriate measures in place to minimize the potential impact on the firm.

Concentration Risk:

Concentration risk is considered with respect to our client positions and also in terms of revenues earned, the jurisdictions in which our clients operate and client types. Concentration Risk is monitored using Key Risk Indicators reported to senior management and the Board on a monthly basis.

Conduct Risk:

ADMISI's Conduct Risk Framework is considered to be embedded in the culture of ADMISI. In addition to the FCA's five individual conduct rules and the FCA's senior manager conduct rules, we expect all colleagues to uphold the ADM Principles of Good Conduct.

- (a) Do the right thing the right way.
- (b) Ensure positive outcomes for clients.
- (c) Behave with integrity.
- (d) Show respect to colleagues and others.
- (e) Be responsible for your own conduct.
- (f) Reinforce expected behaviour from the top down.

4.3) Risk Management Framework

The firm has adopted the three lines of defence approach for risk management on the basis outlined below:

First Line of defence:

The first line of defence is responsible and accountable for conducting ADMISI's activities in accordance with the company's policies and procedures. This includes adherence to the rules and regulations relevant to that area and operating within agreed limits in respect of each activity. For example, the Sales teams are responsible for checking all proposed client transactions are covered by client cash or collateral or credit limits before being executed, comply with exchange rules, company pricing guidelines, and adhere to relevant trading desk and client limits

Second Line of defence:

The role of the second line of defence is to oversee and challenge the activities of the first line and facilitate the implementation of ADMISI's risk management framework. The Risk and Credit team are responsible for monitoring client margin calls and collateral positions and exceptions, and client margin finance line utilisation and escalating any issues to the Head of Risk and the Managing Director.

The Compliance function is responsible for drafting the company's policies and procedures and ensuring that these reflect all applicable rules and guidance set out by the firm's regulator. In addition, the Compliance function implements and follows a detailed monitoring programme covering the key business and operational areas of the business. This involves monitoring adherence by each area to the company's policies and procedures, limits, and the relevant regulations. The Compliance function presents the results of its monitoring process in written reports to the Board. In addition, the CASS team also provides second line of defence on all clients dealings/transactions firm wide.

Third Line of defence:

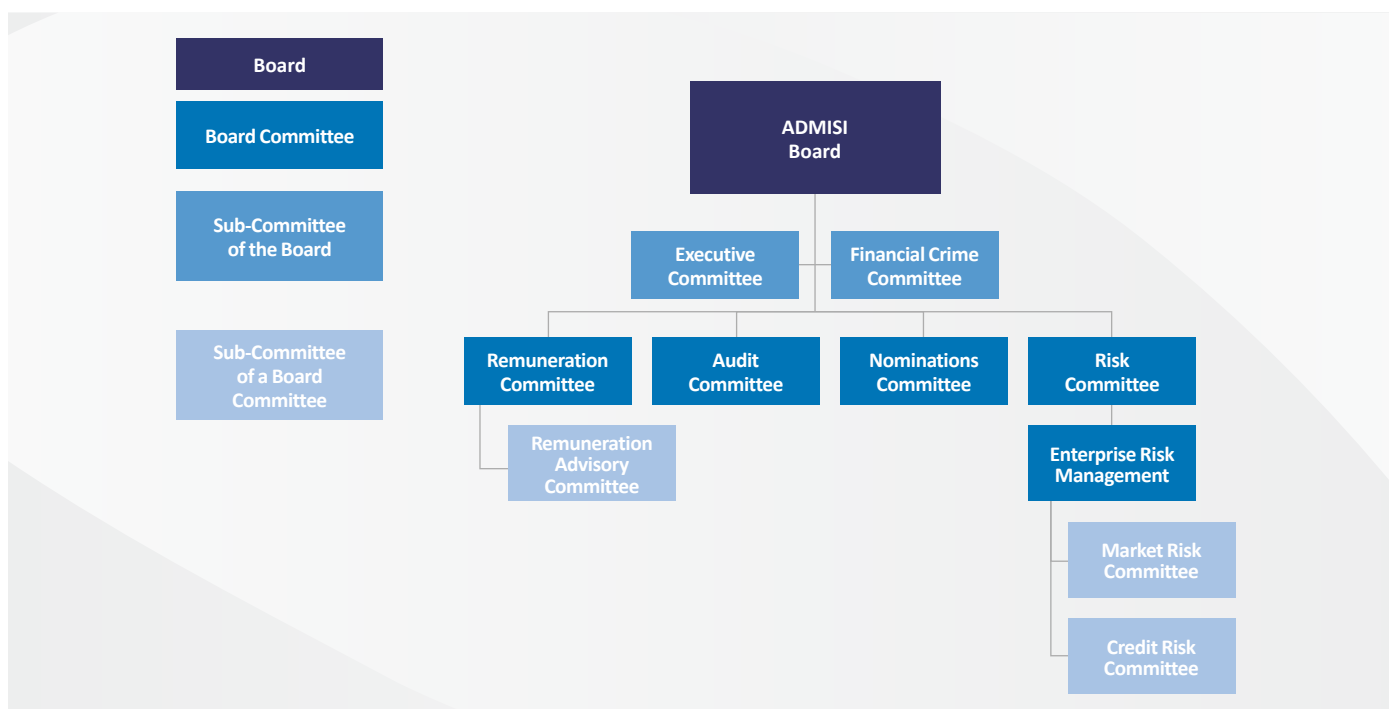
The third line of defence is the provision of independent assurance by ADMISI’s internal audit function. This is partly performed by an ADM Internal Audit team in relation to generic internal controls and processes. ADMISI employs an external third party for components of Internal Audit work that involves specialist regulatory expertise. All Internal Audit reports are circulated to the members of the Board. The Internal Audit report recommendations are allocated to specific individuals on the senior management team.

The diagram below indicates how responsibilities are assigned under the three lines of defence model

Front line - monitoring	Second line - oversight	Third line - assurance
<p>Client On Boarding Team (COBT)</p> <ul style="list-style-type: none"> • Clients identification and validations through the onboarding process • Ongoing clients KYC and EDD process • Monitoring clients activities • Identification of High risk clients and managing such accordingly <p>Sales teams</p> <ul style="list-style-type: none"> • Ensuring clients adhere to trade desk limits • Adherence to exchanges rules/regulations on clients trading <p>Operations</p> <ul style="list-style-type: none"> • Clearing and settlement • Unusual transactions identification and confirmation • CCP/Broker account reconciliations <p>Risk</p> <ul style="list-style-type: none"> • Margin call and collateral positions • Set trade desk and clients trading systems limits • Limits on client activity • Client repayments • Finance • Cash flows and liquidity management • Client banking instructions for payments • Bank reconciliations 	<p>Compliance</p> <ul style="list-style-type: none"> • Monitor transaction activity is within limits • Compliance ensures adherence to regulators/exchanges rules • Provide regulatory guidance and training • Advise on regulatory issues • Monitor and test compliance with company policies and procedures and with rules and regulations <p>Risk</p> <ul style="list-style-type: none"> • Monitor, collate and report risk information • Monitor margin call and collateral exceptions • Propose risk limits • Review client limits on trading systems. <p>Credit</p> <ul style="list-style-type: none"> • Review and report client margin finance line utilisation • Reviews of updated financial status of clients, CCPs, Brokers, and Banks • On-going monitoring of clients credit worthiness. <p>Finance</p> <ul style="list-style-type: none"> • Financial, liquidity and capital reporting <p>CASS</p> <ul style="list-style-type: none"> • Ensures compliance to CASS rules 	<p>Internal Audit</p> <ul style="list-style-type: none"> • Conduct regular reviews, covering Finance, Risk, Compliance, Regulatory and CASS. • Provide independent assurance to Board/ADM group • Write and circulate reports to members of the Board of ADMISI, and to ADM Group senior management. • Internal audit of regulatory facing matters is outsourced to an external expert provider.

4.4) Risk Governance Structure

ADMISI’s governance framework is proportionate to the size, nature, scope and complexity of the business activities of the firm. The framework is illustrated below:



The ADMISI Board

The Board is responsible for overseeing the management and supervision of the business of the company, including setting the strategy for the business, the assessment, management and oversight of risk, and the overall financial position of the company. The Board is also responsible for the development and sustenance of a culture that is consistent with the ADM Group's culture ("THE ADM WAY"), its core values and promotes integrity in the interaction with clients and markets. The Board is responsible for ensuring the firm's compliance with financial services law and FCA Rules and minimising the risk of regulatory failure.

The ADMISI Board of Directors comprises:

1. Three Executive Directors: Managing Director, Compliance Director and Commercial Director - (all of whom are registered SMFs).
2. One Non-Executive Director (NED) who is SMF registered as Chair of the Board and the four Board committees (the President of ADM Investor Services Inc.).
3. One Non-Executive Director (NED) who is not required to be SMF registered - the ADM Chief Financial Officer for Europe, Middle East, Africa and India.

It is appropriate for the Board to have a majority of executive directors for a relatively small firm of approximately 102 people. ADMISI's ultimate shareholder is ADM Group and both Non-Executive Directors are ADM Group appointees.

The ADMISI Board is responsible for creating and delivering shareholder value and for the overall governance of ADMISI. The ADMISI Board is responsible for strategic matters and providing leadership within a framework of appropriate and effective risk management controls.

Primary responsibility for governance and risk oversight rests with the Board. The Board has delegated responsibilities to committees of the Board namely Risk Committee, Audit Committee, Remuneration Committee and Nominations Committee.

The Board meets quarterly. Minutes are kept of the meetings and actions arising from the meetings are followed-up. The ADMISI Board charges the UK based executive directors with the day-to-day control.

Committees of the Board

The ADMISI Board has created the following committees as committees of the ADMISI Board to deal with Risk, Audit, Remuneration and Nominations (together referred to as 'the **Committees**').

1. Risk Committee
2. Remuneration Committee ('Remcom')
3. Audit Committee
4. Nominations Committee

There are several other committees that report to the Board or to the Board committees. These committees have delegated responsibilities from the ADMISI Board. These committees are as follows:

- Executive Committee
- Enterprise Risk Management Committee
- Financial Crime Committee
- Remuneration Advisory Committee
- Market Risk Committee
- Credit Risk Committee

4.4.2) Executive Committee (ExCom):

The ExCom members have collective responsibility for implementing operational, financial and human resources/personnel policies.

Implementation of development projects and strategic initiatives, which meet the objectives of ADMISI.

The ExCom is responsible for approving all matters relating to the rules and regulations of the company; credit and risk and identifying the material risks facing the company and ensuring appropriate arrangements are in place to control and mitigate those risks effectively.

The ExCom may delegate authority to its own committees as it deems fit. These committees support the ExCom in overseeing specific areas within ADMISI and managing principle risks, processes and specific business change projects. Reporting on the risks and controls to the Board. The committee meets every two months.

The Executive Committee consist of:

1. Managing Director
2. Commercial Director
3. Compliance Director
4. Head of Global Commodities
5. Director of Finance & Treasury
6. Head of Information Technology
7. Head of Human Resources
8. Head of Operations
9. Head of Risk
10. MLRO & Head of Financial Crime
11. Client Assets Oversight Officer

4.4.3) Enterprise Risk Management Committee (ERMC)

The Enterprise Risk Management Committee provides oversight to the risk management of the firm. The committee is responsible for development of effective Risk Management Framework by identifying, assessing, monitoring and managing of the firm's risk.

The ERM Committee has its own sub- committees namely the Credit Committee and Market Risk Committee.

The ERM committee meets quarterly, and minutes are taken of the meetings.

4.4.4) Financial Crime Committee

The Financial Crime Committee is a sub-committee of the Board that focuses on internal control, legal, compliance, regulatory and risk issues, projects, initiatives, and high-risk clients and relating to financial crime and Anti-Money-Laundering (AML) compliance.

The committee meets monthly, and minutes are taken of the meetings.

4.4.5) Sub-Committee of a Board Committee:

1. Remuneration Advisory Committee (RAC):

The RAC is responsible for implementing the remuneration policies set by the Remuneration Committee and for making recommendations on staff remuneration, including bonus payments, profit share agreement reconciliation, reductions in variable pay and financial penalty application to the Remuneration Committee.

The committee meets quarterly.

2. Market Risk Committee:

The committee's main responsibilities of Market Risk include:

- a) Identifying material risks facing the company and ensuring that appropriate arrangements are in place to control and mitigate those risks effectively.
- b) Discussing any proposed changes to risk procedures, processes and controls.

The market risk committee meets weekly or more frequently if deemed necessary.

3. Credit Risk

The main responsibilities of the Credit Risk Committee include considering all credit risk related matters that may affect the firm. Identifying all material credit risks facing the firm. Maintaining appropriate control arrangement to mitigate those risks. Monitors all margin facilities, which includes request for new facilities as well as utilisation of existing facilities in line with ADMISI credit policies and ADM group Credit policy.

The committee meets monthly.

5) ADM Investor Services International Limited: Own Funds

The disclosure requirement under MIFIDPRU requires that ADMISI disclose the following:

1. A reconciliation of common equity Tier 1 items, Additional Tier 1 items, Tier 2 items, and the applicable filters and deductions applied in order to calculate ADMISI's own funds
2. A reconciliation of Regulatory Own Funds with the Capital reported in ADMISI's Balance Sheet in the Audited Financial Statements and
3. The description of the main features of the common equity Tier 1 instruments, Additional Tier 1 instruments and Tier 2 instruments issued by ADMISI.
4. ADMISI's Own Funds as at 31 December 2022 are **£64,528k** – as specified in the tables below:

Table 1: Composition of Regulatory Own Funds

Item	Amount (GBP Thousands)	Source based on reference numbers/letters of the Balance Sheet of the Audited Financial Statements
1 Own Funds	64,528	
2 Tier 1 Capital	64,528	
3 Common Equity Tier 1 Capital	64,528	
4 Fully Paid up Capital Instruments	32,000	Note 26
5 Share Premium	0	
6 Retained Earnings	33,411	Note 24
7 Accumulated other Comprehensive Income	0	
8 Other Reserves	1,563	Note 27/SOCE
9 Adjustments to CET1 due to Prudential Filters	-2,446	Note 12/14
10 Other Funds	0	
11 (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-2,446	
19 CET1: Other Capital elements, deductions and adjustments	0	
20 ADDITIONAL TIER 1 CAPITAL	0	
21 Fully paid up, directly issued capital instruments	0	
22 Share Premium	0	
23 (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	
24 Additional Tier 1: Other Capital elements, deductions and adjustments	0	
25 TIER 2 CAPITAL	0	
26 Fully paid up, directly issued capital instruments	0	
27 Share Premium	0	
28 (-) TOTAL DEDUCTIONS FROM TIER 2	0	
29 Tier 2: Other capital elements, deductions and adjustments	0	

Table 2: Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

	a	b	c
	Balance Sheet in Audited Financial Statements	Under Regulatory Scope of Consolidation	Cross-Reference to Template OF1 (above)
	31-Dec-22	31-Dec-22	
Assets: Breakdown by asset classes according to the Balance Sheet in the Audited Financial Statements			
	£'000		
Intangible Assets	224	n/a	Item 9
Tangible Assets	9,258	n/a	n/a
Investments	1,322	n/a	Item 9
Deferred Tax Asset	46	n/a	n/a
Trade and other Receivables	996,582	n/a	n/a
Cash and cash Equivalents	12,762	n/a	n/a
Total Assets	1,020,194		
Liabilities: Breakdown by liability classes according to the Balance Sheet in the Audited Financial Statements			
	£'000		
Trade and other payables	933,831	n/a	n/a
Provision for Liabilities	13,200	n/a	n/a
Long term liabilities	6,189	n/a	n/a
Total Liabilities	953,220		
Shareholders' Equity			
	£'000		
Share Capital	32,000	n/a	Item 4
Other Reserves	1,563	n/a	Item 8
Retained Earnings	33,411	n/a	Item 6
Total Shareholders' Equity	66,974		

Table 3: Own Funds: Main features of Own Instruments issued by ADM Investor Services International Limited**Capital Instruments Main Features**

Issuer	ADM Investor Services International Limited
Governing Laws of the instrument	English Law
Instrument Type	Ordinary Shares
Transitional CRR Rules	32,000,000
Post transitional Rules	32,000,000
Amount recognised in Regulatory Capital as at 31 December 2022	32,000,000
Original date of Issuance	See table below

Original date of ADMISI Share Issuance

Date of Issuance	Amt of £1 Fully Paid Shares Allotted
11-Oct-90	£2
05-Jan-91	£299,998
28-Feb-92	£300,000
27-May-93	£2,000,000
30-Apr-97	£2,400,000
11-Dec-00	£5,000,000
22-Dec-11	£10,000,000
02-Mar-17	£12,000,000
Total	£32,000,000

6) ADM Investor Services International Limited: Own Funds Requirements

In accordance to MIFIDPRU4.3 ADMISI maintains own funds that is at least equal to its own funds requirement. The firm's own funds requirement as at 31 December 2022 was **£14,229k**.

- Permanent Minimum Capital - £750k for ADMISI
- Fixed Overheads Requirement - £6,577k
- Total K-Factors - £14,229k

As part of the firm's ICARA process as at September 2022, the firm assessed an additional capital of **£25,740k** as own funds requirement.

Total owns funds requirement (including additional capital) is **£39,969k**, resulting in excess capital of **£25,559k** as at 31 December 2022.

6.1) ADM Investor Services International Limited: K-Factors components

Table 4: Own Funds: K-Factors

K-Factors	Amount £'000
K-TCD (Trading Counterparty Default)	7,595
K-DTF (Daily Trading Flow)	709
K-NPR (Net Position Risk)	72
K-ASA (Clients Assets Safeguarded)	105
K-CMH (Client Money Held)	5,748
Total K-Factors	14,229

7) The Overall Financial Adequacy Rule

MIFIDPRU firms are required at all times to hold own funds and liquid assets which are adequate, both as to their amount and their quality to ensure that:

- Able to 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.

ADMISI meets this requirement through the regular monitoring and reporting of the following:

- ADMISI's own funds held compared with the own funds thresholds

Table 5: Own Funds Held - 31 December 2022

	Amount £'000
Own Funds Held	64,528
Own Funds Thresholds	39,969
Excess Held	24,559

- ADMISI's liquid assets held compared with the liquid assets thresholds

Table 6: Liquid Assets Held - 31 December 2022

	Amount £'000
Core Liquid Assets	12,764
Liquid Assets Thresholds	10,732
Excess Held	2,032

ADMISI's Approach to assessing its compliance to the own funds adequacy rule

This is performed on a regular basis through periodic monitoring and through the annual ICARA process which is refreshed whenever there is material change in the firm's strategy or risk profile. The ICARA document is approved by the ADMISI Board.

The ICARA process is intrinsically linked with the firm's overall risk management, business planning and capital management processes – this is evidenced in the Risk Register. The ICARA process is embedded in the day to day management of Risk and Capital within the firm.

The ICARA process involves a thorough assessment of the firm's business model, the markets it operates in and its clients. The result of this assessment enabled the firm to identify the risks faced by the firm and the potential harm these risks may cause. The firm embarked on the following in the ICARA process:

a) Identification of risk of harms: ADMISI review of its business model, operations and systems and controls to identify all material harms. This involved bottom to top approach. Here we identified all potential harms to customers, harms to market and harms to firm. The firm then reviewed its systems and controls in place to monitor and mitigate these harms.

b) Assessment of likelihood and impact of crystallisation of risk of harms: Based on the firm's history, experience and market knowledge, the firm was able to estimate the likelihood of these harms happening and the potential impact of the event. The likelihood and impact of risk of harm is captured within the firm's stressed scenario analysis and results.

c) Mitigate risk of harms: Here the firm implemented both financial and non-financial risk mitigation to minimise the probability and impact of risk arising. Risk mitigation processes are captured within the Risk Register.

d) Evaluate and mitigate residual risk: Here ADMISI assessed whether its risk mitigation of material risks is effective i.e., the risk mitigation fully minimises the likelihood of such risk happening. Where this is not the case, ADMISI has allocated additional capital resources and/ or Liquid resources to mitigate any residual risks arising from the firm's business model.

e) The effect of these potential harms is evidenced in the firm's stressed scenarios. The impact of the various harms and the firm's ability to mitigate and recover from are discussed within the Risk assessment section of the document.

f) Recovery from stress: Here ADMISI identified management recovery actions that will enable it to recover from stress events. This is discussed within the Recovery section of the document.

g) Wind down Plan: ADMISI assessed the situation where its recovery plan may fail to help the firm recover. The wind down assessment identifies the processes of wind down, the timelines and the wind down costs. This is discussed in the wind down section of the document.

8) Remuneration Code

8.1) Firm classification: Under the MIFIDPRU ADMISI is classified as a Non-SNI Investment Firm.

Remuneration Policy

ADMISI's remuneration policy (the Remuneration Policy) applies to both executives and employees in the firm. The Remuneration Policy is in addition to the ADM (Archer Daniels Midland) Corporate Group Remuneration Policy which ensures employees efforts are focused on the company's key business goals and employees are rewarded appropriately for these efforts. The Remuneration Policy is reviewed and signed off by the ADMISI Board and changes are adopted annually.

8.2) Remuneration Governance

The Remuneration committee ('RemCom' - Committee of the ADMISI Board) consists of:

Two Non-Executive Directors and works with 'The Remuneration Advisory Committee' – who advises the RemCom.

The RemCom is responsible for setting the Remuneration Policy for all Executive Directors and employees of ADMISI, including pension rights and any compensation payment. The RemCom ensures all compensation payments are in line with the FCA Remuneration Code and the ADM Corporate Group remuneration policy.

The Remuneration Policy was updated in 2022 in line with the MIFIDPRU Remuneration code.

The RemCom held four meetings between 1 January 2022 and 31 December 2022.

8.3) Remuneration Philosophy and Objectives

ADMISI's Remuneration Policy is designed to comply with the FCA Remuneration Code. In addition, ADMISI complies with the ADM Corporate Group Remuneration Philosophy and objectives. The ADM Group in order to achieve its objectives must attract, engage and retain highly talented individuals who are committed to the Group's core values of integrity, excellence, teamwork, resourcefulness, responsibility and respect for others. Our compensation and benefit programs are based on the following ADM Group objectives:

- **Reinforce a high performance culture:** Linking short and long term compensation with individual and company performance.
- **Emphasize the long-term:** Structuring executive compensation to include a significant percentage of long-term equity awards.
- **Focus on Results:** Rewarding executives for long term value creation, excellence in leadership and implementing our business strategy.
- **Remain Market Competitive:** Providing compensation that is consistent with the scope of responsibilities of the role with other comparable organisation to attract and retain high quality executive talent.
- **Align with Risk Appetite, Risk Exposures and Conduct framework:** Employees and executives compensation are designed to align with the firm's risk appetite and conduct expectations.
- **Maintain Internal Equity:** Structuring compensation and benefit programs with consistent features for employees and executives across the organisation.

8.4) Remuneration structure

Fixed Base Salary

ADMISI sets fixed salaries taking into consideration economic conditions, company performance and sustainability. In addition to fixed base salary, employees are also provided with competitive package of benefits including pension schemes (all pension schemes are defined contribution pension) and healthcare.

The firm ensure that:

- a) The fixed and variable components of total remuneration are appropriately balanced, and
- b) The Fixed component represents a sufficiently high proportion of the total remuneration.

Variable Remuneration:

Bonus Pool and Variable Remuneration Allocations

a) Employees who are neither Account Executives nor Material Risk Takers (MRTs): Subject to profitability, bonuses are paid annually to non-income generating employees based on annual performance review from a bonus pool. The bonus pool is capped by a contractual agreement between ADMISI and ADM Group.

The Remuneration Policy is structured in such a way that variable remuneration for employees who are neither Account Executives nor MRTs is not guaranteed and entirely at ADMISI's discretionary.

- b) Employees who are Account Executives but not MRTs:** Account Executives are the brokers who work on dealing desks and engage with the clients who execute transactions through ADMISI. Each dealing desk has its own commission sharing agreement; the percentages are fixed in advance. Commission sharing payments are paid from Desk's Net income (after overhead costs have been deducted). All commission sharing payments are subject to the level of individual desk profitability and are therefore not guaranteed.
- c) All bonus and commission sharing payments are dependant on the relevant employee's non-financial conduct and behaviour.**
- d) The firm does not pay variable remuneration to members of the Board who do not perform any executive function in the firm.**

Material Risk Takers (MRTs)

The firm annually assesses which of its staffs are material risk takers (MRTs):

- Staff whose professional activities have a material impact on the risk profile of the firm or assets managed.
- Staff who are members of the Board in its management functions.
- Staff who are members of the Board in its supervisory functions.
- Staff who are members of senior management.
- Staff members who have managerial responsibility for business units carrying out regulated activities (as described by the regulator)
- Staff members with managerial responsibilities for activities of a control function
- Staff members with managerial responsibilities for the prevention of money laundering and terrorist financing.
- Staff members who are responsible for managing a material risk within the firm.
- Staff members responsible for managing information technology, information security and/or outsourcing arrangement of critical or important functions within the firm.

Based on the above criteria, the following roles have been identified as Material Risk Takers (MRTs) as at 1st January 2022:

a) Management function on the Board of ADMISI:

- Managing Director (SMF1 & SMF3)
- Compliance Director (SMF3 & SMF16)
- Commercial Director (SMF3)

b) Senior Management SMFs:

- SMF2: Chief Finance
- SMF4: Head of Risk
- SMF 24: Chief Operations
- SMF17: Money Laundering Reporting Officer
- SMF18: Head of Desk
- SMF18: Head of Human Resources
- CF10a: CASS Oversight Function
- SMF24: Head of Information Technology/Security
- Head of Gibraltar Branch

The MRTs list is subject to annual review.

Financial assessment of MRTs Variable Remuneration.

The firm ensures that MRT quantitative performance-related variable remuneration is based on a combination of assessment of the performance of the individual and the overall results of the firm.

The assessment of MRTs performance is part of a multi-year framework that ensures:

- The assessment of performance is based on a longer-term performance and
- The payment of performance- based remuneration is spread over a period that takes into the account the business cycle of the firm and its business risks.
- Applicable to MRTs whose total variable remuneration exceeds £167,000 per annum
- Applicable to MRTs whose annual variable remuneration is greater than one- third of total annual remuneration.

Non-standard forms of variable remuneration:

General:

- All guaranteed variable remuneration, retention awards, severance pay, and buy-out awards are subject to malus and claw-back and are included in the appropriate ratio between the variable and fixed components of the total remuneration.
- Guaranteed variable remuneration: The firm does not permit guaranteed variable remuneration (sign-on bonus, golden handshake or lost opportunity award to MRT unless
 - it occurs in the context of hiring a new MRT
 - Limited to the first year of service
 - The firm has a strong capital base
- Retention Award: The firm will only grant retention award to its MRTs
 - after a defined event
 - at a specified point in time.
- Severance Pay: Severance pay (other than for contractually mandated notice periods) is only at the firm's absolute discretion.

Bonus Deferral and Retention Policy

MRTs Variable Remuneration:

The ADMISI Deferred Bonus Plan (the "DBP") applies to MRTs whose annual variable remuneration is (a) £167,000 or more or (b) is 30% of the MRT's total annual remuneration. The DBP provides that 50% of each MRT's variable remuneration is granted as a restricted performance unit award and 50% is granted as cash. 40% (60% if the annual variable remuneration is £500,000 or more) of the variable remuneration is deferred for three years, vesting on a pro-rata basis during this time.

The value of restricted performance units is based on the net asset value of ADMISI's shares, which may go up or down dependant on the financial performance of the company. The net asset value of ADMISI's shares is considered the best measure of the value of the restricted performance units because ADMISI is a private company and its shares are not publicly traded.

Shares, Investment and Alternative arrangements

Equity- Based Long Term Incentives

Participation in ADM's Long term incentive program (the 'LTIP') is restricted to the executive directors of ADMISI. The LTIP aligns the interest of the directors with those of shareholders by driving long-term shareholders value, supporting stock ownership and encouraging long-term service with the company. Here, participants may be granted various LTIP awards (Restricted units stocks in ADM) relating to their performance and the performance of ADM. LTIP awards are granted as a number of ADM shares that vest after three years.

Risk Adjustment

Variable remuneration is subject to malus or clawback arrangement as follows:-

- For all staff (MRTs and non-MRTs) the RemCom reserves the right to adjust down or withhold variable remuneration of an individual before pay-out (malus) if there are adverse conduct issues or if their behaviour adversely affects the firm's performance.
- For MRTs the firm reserves the right to clawback any awarded variable remuneration after pay-out (clawback) if adverse conduct issues come to light after pay-out or the firm's performance is discovered to have been adversely affected by the actions of the relevant MRT.

8.4) Remuneration awarded for Financial Year ending 31 December 2022

	Senior Management (MRTs)	Other Material Risk Takers (MRTs)	Other Staff (Non-MRTs)
Number of Staff	4	10	91
	GBP	GBP	GBP
Fixed Remuneration	734,482	1,172,815	7,323,988
Variable Remuneration	798,136	360,412	2,367,150
Total Remuneration	1,532,618	1,533,226	9,691,138

ADMISI as a Non-SNI Investment in addition to the above disclosures must also disclose the following information for senior management and other Material Risk Takers:

- The total amount of guaranteed variable remuneration awards made during the financial year and the number of Material Risk Takers receiving those awards: **ADMISI did not award any guaranteed variable remuneration to senior management or any Material Risk Takers during the financial year ending 31 December 2022.**
- The total amount of severance payments award during the financial year and the number of Material Risk Takers receiving those payment: **Total severance payment during the financial year ending 31 December 2022 was £238k and one Material Risk Taker was included in this payment.**
- The total amount of the highest severance payment awarded to an individual Material Risk Taker: **£100k was the highest severance payment awarded to a material risk taker during financial year ending 31 December 2022.**