

MIRAE ASSET SECURITIES (UK) LTD (“MASUK”)

MIFIDPRU Public Disclosures

For the year ended 31 December 2022

1. Overview

Mirae Asset Securities (UK) Ltd. (herein after referred to as “MASUK”, “the Firm”, or “the Company”) is a limited liability company incorporated in the United Kingdom. MASUK is a solo-regulated, small-medium sized investment firm, authorised and regulated by the Financial Conduct Authority (“FCA”). MASUK commenced trading in 1991 under the name Daewoo Securities (Europe) Limited. The Firm’s name was subsequently changed in November 2016 to Mirae Asset Securities (UK) Ltd.

MASUK is a wholly-owned subsidiary of Mirae Asset Securities Co., Ltd. (“MASC”) and forms part of the Mirae Asset Financial Group (“Mirae Asset”). MASUK’s front office teams carry out various investment activities including equity sales and distribution, fixed income, capital markets, investment banking and, real estate. The firm has permissions to conduct Markets in Financial Instruments Directive (‘MiFID’) portfolio management activities.

From 2008 to December 2021 MASUK has applied the capital adequacy framework set out in the Capital Requirements Directive IV (CRD) and the IFPRU Handbook as part of its capital management strategy. MASUK was categorised as a IFPRU €730k firm.

From 1 January 2022 MASUK has to maintain regulatory capital and liquidity at all times in compliance with the new Investment Firm Prudential Regulation (‘IFPR’) and the FCA’s prudential sourcebook for MiFID Investment Firms (‘MIFIDPRU’). Under these regulations, the Company has been classified as a Non-Small Non-Interconnected (‘non-SNI’) MIFIDPRU firm, with £750,000 minimum regulatory capital.

The Firm is required to publish disclosures in accordance with the provisions outlined in MIFIDPRU 8 of the IFPR. The Disclosure for the Firm is prepared on a solo entity basis. The disclosed information is proportionate to the Firm’s size and organisation, and to the nature, scope and complexity of its activities and the information provided herein.

2. Governance and Risk Management

The firm has a robust governance arrangement with a clear organisational structure with well-defined and transparent and consistent lines of responsibility.

Board of Directors

The Board is responsible for setting the Firms strategy and strategic objectives and monitoring business performance and progress against these, ensuring that the Firm has appropriate policies (including operational,

compliance, legal, finance and risk) in place and that they are adhered to, and that the Firm's resources are sufficient (including knowledge, experience and number).

As at 31 December 2022, the Board comprised of two Directors. One of which is a non-executive director. The Directors are listed below, alongside the number of directorships each held as at 31 December 2022 (financial YE 2022). In line with MIFIDPRU, this analysis does not include any directorships the individual holds in an organisation which does not pursue a predominantly commercial objective (for example, a charitable organisation).

The directors who held office during the year and up to the date of the signature of financial statements were as follows:

- Seung Wook Kim
- Sangjoon Kim (resigned on 21 March 2023)
- Kyoungtae Kte (appointed on 21 March 2023)

Management Team

The Firm's management team is responsible for matters related to the day-to-day management of the Company. Such matters include an on-going assessment of the investment performance, marketing and client servicing, operations, compliance, risk and finance. The management team ensure proper execution of the Company's business strategy as agreed by the Board.

Risk and Compliance

The Board has overall responsibility for risk management, including approval of the Firm's Risk Appetite Statement and for ensuring that risks of harm to clients, the firm and the market are identified, assessed, managed and monitored across all areas of the business, and in line with the Firm's agreed Risk Appetite Statement. The Board are responsible for ensuring that the risk control framework for the firm operates effectively; this framework covers all risk matters, including strategic, business, operational, and financial risk. The Board is also responsible for overseeing the Firm's Internal Capital and Risk Assessment ("ICARA") process.

3. Diversity Policy

In accordance with regulatory requirements, the Firm maintains a diversity policy statement for promoting diversity across its staff in light of the benefits of all aspects of diversity, including differences in gender, race, nationality, age, disability, cultural background, skills, and knowledge.

All offers of employment by the Firm and appointments to its Board are made on merit against objective criteria having due regard for the benefits of diversity to the Firm. The Firm's Chief Executive Officer is responsible for ensuring that these criteria do not place any candidate with a protected characteristic at a disadvantage.

4. Capital Resources

Under the new Investment Firm Prudential Regime ("IFPR") regime, the Firm is required to hold sufficient capital at least equal to the 'Own Funds Requirement' and the 'Additional Own Funds Requirement'.

Own Funds

The Firms regulatory Own Funds as at 31 December 2022 is summarised below:

Figure 1.1 Composition of regulatory Own Funds

		(a)	(b)
		Amounts (\$'000)	Source based on reference numbers of the balance sheet in the audited financial statements
Ref.	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	OWN FUNDS	313,932	
2	TIER 1 CAPITAL	313,932	
3	COMMON EQUITY TIER 1 CAPITAL	313,932	
4	Fully paid-up capital instruments	278,365	Ref. 1 (Shareholder's Equity)
5	Retained earnings	35,595	Ref. 2 (Shareholder's Equity)
6	(-) Adjustments to CET1 due to prudential filters	(23)	
7	(-) Other intangible assets	(5)	Ref. 1 (Assets)
8	CET1: Other capital elements, deductions and adjustments	-	
9	ADDITIONAL TIER 1 CAPITAL	-	
10	TIER 2 CAPITAL	-	

Figure 1.2 Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

		(a)	(b)
		Balance sheet as in published/audited financial statements	Cross reference to Figure 1.1
		Amounts (\$'000)	
Ref.	Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements		
1	Intangible assets	5	Ref. 7
2	Property, plant and equipment	1,838	
3	Investments	264,427	
4	Trade and other receivables	1,112	
5	Current tax recoverable	-	
6	Cash and cash equivalents	57,909	
	Total assets	325,291	
Ref.	Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements published/audited financial statements		
1	Trade and other payables	3,726	
2	Current tax liabilities	762	
3	Borrowings	5,026	

4	Lease liability	1,817	
	Total liabilities	11,331	
Ref.	Shareholders' Equity to the balance sheet in the published/audited financial statements		
1	Called up share capital	278,365	Ref. 4
2	Retained earnings	35,595	Ref. 5
	Total equity	313,960	

Figure 1.3 Own Funds: Main Features of Own Instruments Issued by the Firm

Own Funds: Main Features of Own Instruments Issued by the Firm	
The common equity tier 1 instruments issued by the Firm consist of 278,364,700 ordinary shares with a nominal value of \$1 each. There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.	

Own Funds Requirement

The Own Funds and Liquid Assets Requirement sets out the amount of funds needed to fund ongoing business and cope with periods of stress.

As at 31 December 2022, the Firm’s Own Funds Requirement is as shown below:

Figure 1.4 Own Funds Requirement

Higher of :	31 December 2022 (\$'000)
Permanent minimum capital requirement(GBP750K)	906
Fixed Overhead Requirement	1,606
Total K-Factor Requirement	26,298
Own Fund Requirement	26,298

Note above figures are rounded

It should be noted that the Firm’s K-Factor Requirements are \$26,298,000.

In addition to the Own Fund Requirement above, the Firm uses the ICARA Process to formally assess its capital arrangements to address (i) any potential material harms that the Firm has identified under MIFIDPRU 7.4.13R and measures implemented by the Company to reduce the impact of Harms under MIFIDPRU 7.4.9R; and (ii) any residual potential material harms that remain after the firm has taken measures to reduce the impact of Harms under MIFIDPRU 7.4.9R

Through the ICARA process, the Board have determined that no capital in addition to the Own Funds Requirement outlined above is required.

Therefore, as of December 2022, when comparing the Firm’s Own Funds of \$313,932,000 to the above Own Fund Requirement of \$26,298,000, there was a surplus of \$287,634,000.

Additional Own Funds Requirements

The Additional Own Funds Requirement sets out the amount of funds needed to allow the Firm to wind down in an orderly manner.

Through the ICARA process, the Board have determined that \$2,000,000 is required to wind down the Firm in an orderly manner.

Therefore, as at 31 December 2022, when comparing the Firm's Own Fund of \$313,932,000 to the above Own Funds Requirement \$26,298,000 and Additional Own Funds Requirement \$2,000,000 totalling \$28,298,000, there was a surplus of \$285,634,000.

5. Remuneration Disclosures

The Firm was, prior to 1 January 2022, subject to the disclosure requirements under IFPR and therefore in relation to its most recently ended employee performance period, benefits from the transitional period..

The Firm has adopted a remuneration policy that complies with the MIFIDPRU requirements.

The Firm's remuneration policy is designed to ensure that the firm's compensation arrangements:

- are consistent with and promote sound and effective risk management
- do not encourage excessive risk taking
- include measures to avoid any conflicts of interest; and
- are in line with the Firm's business strategy, objectives, values and long-term shareholders' interests.

The Firm seeks to ensure that members of staff are properly and competitively remunerated for their role, level of responsibility and efforts in contributing to the firm's success.

Employees are paid a fixed annual salary that reflects their experience and responsibilities as set out in their terms of employment, and competitive (externally benchmarked) market rates in those roles. It is permanent, pre-determined, non-discretionary, non-revocable and does not depend on performance.

Employees may also be paid variable remuneration which is based on performance and contribution of individuals, the team, and the Firm's overall results. This covers both financial and non-financial measures. The Firm ensure that any variable remuneration paid does not affect the Firm's ability to ensure a sound capital base, and that any performance based remuneration complies with the relevant requirements in the Remuneration Policy.

Consideration has been taken to ensure that any incentive reward does not generate a conflict of interest where is possibility the employee may not be acting in the best interest of a client. No employee is offered a guaranteed bonus.

Remuneration Code Staff Remuneration

Due to the number of staff employed by the Firm, remuneration figures are disclosed at a level which maintains individual confidentiality. For the year ended 31 December 2022:

(USD: 1,000)	Fixed Remuneration	Variable Remuneration	Total Remuneration
Senior Management Function ('SMF') Holder	408	474	882
Other Material Risk Takers ('MRTs') i.e. Excluding SMFs	387	264	650
Total	794	738	1,532