

# Annual Disclosures (MIFIDPRU)

**EC Markets Group Ltd**  
**(trading as “EC Markets”)**

## Annual Disclosures (MIFIDPRU) – Year ending 31 December 2024

**Introduction**

EC Markets Group Ltd (“ECMG”) is authorised and regulated by the FCA as a MIFIDPRU (non-SNI) investment firm. The firm is required to publish disclosures relating to its risk management framework, governance, own funds and remuneration practices in accordance with MIFIDPRU 8. These disclosures are based on the firm’s ICARA completed with reference date 31 December 2024.

**Risk Management Objectives**

EC Markets Group Ltd (“ECMG”) maintains a risk management framework designed to identify, assess, monitor and mitigate all material harms, in line with MIFIDPRU 8.2.1R. The firm’s objective is to ensure that risks are managed prudently, that capital and liquidity resources remain adequate at all times, and that the business operates in a safe and sustainable manner.

**Own Funds Requirements**

The firm monitors its capital position continuously to ensure that it meets — and maintains a surplus above — its Own Funds Requirement, defined as the higher of the Permanent Minimum Requirement, Fixed Overheads Requirement, and K-Factor Requirement. The Board receives regular reporting on capital adequacy, emerging risks, and any developments affecting the ICARA conclusions. The firm’s overarching objective is to maintain sufficient capital to absorb losses and support the business model under both normal and stressed conditions.

**Concentration Risk**

The ICARA identifies that ECMG has limited concentration exposures, primarily due to its simple business model, absence of trading book positions, and limited credit exposures. Where concentration risk could arise (e.g., reliance on a single group entity for revenue or operational dependency on key service providers), these risks are assessed through the Risk of Harms framework and monitored through Board governance, due diligence, and ongoing oversight arrangements.

**Liquidity Risk**

The firm monitors liquidity daily to ensure that it meets its Basic Liquid Assets Requirement (BLAR) and maintains a prudent buffer over its Liquid Assets Threshold Requirement (LATR). The Board oversees liquidity risk through regular reporting on cash flows, stress testing outcomes, and forward planning. While a standalone Contingency Funding Plan is still being formalised, process-level controls and Board-level oversight ensure the firm can act promptly to address liquidity pressures.

**Overall Framework**

Risk management is embedded throughout the business via the two-line model, the Risk of Harms Register, compliance monitoring, financial oversight, stress testing, and wind-down planning. The firm’s objective is to ensure risk-taking is controlled, well understood, and aligned with the firm’s capital and liquidity capacity.

**Governance Arrangements**

The Board is responsible for oversight of ECMG’s strategy, risk management, prudential resources, and internal control environment. Risk and compliance matters are reviewed via the Board and the firm’s Risk & Compliance Committee, which meets quarterly to evaluate key risks, control effectiveness, breaches, and remediation progress.

The firm operates a three-line of defence model, proportionate to its size:

- 1<sup>st</sup> line: Business operations (owning and managing risks)
- 2<sup>nd</sup> line: Compliance and risk functions (independent oversight)
- 3<sup>rd</sup> line: Independent assurance is provided periodically through external audits and regulatory reviews.

### Board of Directors

Name	Position	SMF role
Mathew James Smith	Managing Director	SMF3 Executive Director
Mansoor Mushtaq	Compliance Officer	SMF3 Executive Director SMF16 Compliance Oversight SMF17 Money Laundering Reporting Officer
Rodney Terrence Martenstyn	Non-Executive Director	Non-SMF director
Adam Michael Saward	Director	SMF3

### Directorships

Given the Firm does not meet the criteria for a Significant SYSC firm as set out in SYSC 1.5.2 it does not put a specific limitation on ECMG directors' external directorships. However, the Board is diligent about ensuring each director is able to dedicate sufficient time to be able to fulfil their governance duties adequately. Following are the Executive and non-Executive directorships held by the Directors at the year ended 31 December 2024.

Management/Governing Body	Executive Directorships	Non-Executive Directorships
Mathew James Smith	6	0
Mansoor Mushtaq	1	0
Rodney Martenstyn	1	1
Adam Michael Saward	1	0

### Board Diversity

In line with MIFIDPRU 8.3.1R, the Board ensures that directors collectively have the skills and capacity to perform their duties effectively. As ECMG is not a Significant SYSC firm, no formal limits apply to external directorships; however, the Board monitors external roles to ensure each director can commit sufficient time.

The firm also supports diversity of background and experience on the Board, appropriate to the size and nature of the business.

### Own Funds

ECMG only holds Common Equity Tier 1 Capital (CET1 Capital), comprising ordinary share capital, share premium, retained earnings, and other reserves. The Firm does not hold any Additional Tier 1 Capital or Tier 2 Capital.

The table below breaks down the composition of the Firm's regulatory own funds at 31 December 2024.

	Item	Amount (USD 000s)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	<b>OWN FUNDS</b>	<b>1,566</b>	Page 13
2	<b>TIER 1 CAPITAL</b>	<b>1,566</b>	Page 13
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>1,566</b>	Page 13
4	Fully paid-up capital instruments	11,855	Page 13
5	Share premium	755	Page 13
6	Retained earnings	(10,591)	Page 13
7	Accumulated other comprehensive income		
8	Other reserves	(427)	Page 13
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	27	Page 22
20	<b>ADDITIONAL TIER 1 CAPITAL</b>	<b>0</b>	
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	<b>TIER 2 CAPITAL</b>	<b>0</b>	
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		

CET1 capital instruments are represented by Ordinary Share Capital.

### Reconciliation of Regulatory Own Funds to the Balance Sheet in the Audited Financial Statements at 31 December 2024.

- Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements, stated in USD thousands.
- Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements, stated in USD thousands.

	Balance sheet as in published/audited financial statements	Cross reference to Own Funds template
<b>Assets</b>		
Tangible Assets	41	
Trade Receivable	41	
Cash at bank and in hand	1,625	
<b>Total Assets</b>	<b>1,707</b>	
<b>Liabilities</b>		
Trade Creditors/payables	(114)	
<b>Total Liabilities</b>	<b>(114)</b>	
<b>Net Assets</b>	<b>1,593</b>	1 and 19
Shareholders' Equity		
Called up share Capital	11,855	4
Share premium	755	5
Revaluation Reserve	(427)	8
Profit and Loss reserve	(10,591)	6
<b>Total Equity</b>	<b>1,593</b>	1 and 19

### Own Funds Requirements

In accordance with MIFIDPRU 4.3.2 the Firm is required to hold own funds in excess of the greater of the K-Factors, Fixed Overhead Requirement ('FOR') or its Permanent Minimum Capital Requirement ('PMR'). In accordance with MIFIDPRU 8.5, a firm must disclose its K-factor requirements and FOR as detailed in the table below, as at 31 December 2024:

Item		Total (USD thousands)
K-factor Requirements	Sum K-AUM, KCMH, KCOH, K-ASA	0
	Sum K-NPR, K-CMG	0
	Sum K-TCD, K-DTF, K-CON	0
<b>Total K- factor Requirement</b>		<b>0</b>
<b>Fixed Overhead Requirement</b>		<b>347</b>
<b>Permanent Minimum Requirement</b>		<b>426</b>
<b>Own Funds Requirement</b>		<b>426</b>

## K-factors Definition

The Prudential sourcebook for MIFID investment firms (i.e., MIFIDPRU) of the FCA Handbook sets out the KFR methodology for calculating own funds requirements effective from 1 January 2022. The IFPR introduced nine K-factors. The application of each K-factor at individual investment firms is determined by a firm's regulatory permissions.

Summary of individual K-factors used in the KFR methodology.

K-factor	Description
K-AUM	Assets under management
K-COH	Client orders handled
K-ASA	Assets safeguarded and administered
K-CMH	Client money held
K-NPR	Net position risk
K-CMG	Clearing margin given
K-TCD	Trading counterparty default
K-DTF	Daily trading fol w
K-CON	Concentration risk

## Adequacy of Own Funds

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

- the Firm is 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.

The Firm undertakes an assessment as part of the Internal Capital Adequacy and Risk Assessment (ICARA) to identify and evaluate all risks, including those not captured by the K-Factor requirements, and to calculate its own internal risk assessment. The ICARA assessment is completed annually or more often if there is a significant change to the business model, and the internal risk assessment is monitored as part of the firm's Risk Management Framework.

Additionally, ECMG undertakes the following to ensure its adherence to the OFAR:

- Ongoing monitoring of actual and near-term capital and liquidity positions;
- Stress testing of medium term financial plans;
- Maintenance of a credible plan to achieve the orderly wind down of the firm whilst minimising harm to clients and/or other market participants.

All of these activities are supervised by the ECMG Board.

## Remuneration

ECMG is a non-SNI MIFIDPRU investment firm, authorised by the Financial Conduct Authority ('FCA') to carry on a range of regulated activities including.

- ❖ Arranging (bringing about) deals in investments
- ❖ Dealing in investments as agent
- ❖ Dealing in investments as principal
- ❖ Making arrangements with a view to transactions in investments

A consequence of its regulatory status is that the Firm must comply with the relevant provisions of the MIFIDPRU Remuneration Code set out in SYSC 19G of the FCA Handbook, a key element of which is that its remuneration practices are consistent with responsible risk management.

#### ECMG's Approach to Remuneration

ECMG remunerates its employees through payment of fixed and variable remuneration. The levels of fixed remuneration are determined by the Board and relate to basic wages and salaries plus proportionate pension contributions. In setting levels of fixed remuneration for particular categories of employee, it is the directors' intention that the amounts paid should properly reflect the complexity and responsibility of the roles performed and be consistent with the rates of pay for similar positions in peer group competitor firms.

ECMG operates a variable remuneration scheme in the form of a staff bonus pool that is intended to incentivise superior performance across the business without creating a conflicting motivation for reckless or inappropriate behaviour.

ECMG defines 'variable remuneration' as non-contractual payments or provision of benefits made directly to ECMG employees. All employees, irrespective of gender, are eligible to receive variable remuneration, subject to acceptable performance. The levels of variable remuneration paid are determined by the Board. Payment of variable remuneration is made in cash and is discretionary for all employees. ECMG does not guarantee payment of variable remuneration, and it is ECMG's policy that no variable remuneration is paid if it would inappropriately dilute the firm's liquid or capital resources.

#### ECMG's Staff Bonus Pool

The value of annual payments made to ECMG employees from the staff bonus pool is determined by, in order, the performance of the Firm, the function in which the individual is employed and the individual's contribution to that performance. Each individual's performance is assessed by line management and each function's performance is assessed by the Board. It follows that sub-optimal performance or failures of service delivery are not rewarded by the payment of variable remuneration, consistent with the principle that remuneration practices should promote responsible risk management. Staff are paid variable remuneration as a percentage of their fixed remuneration. Individual and operational function performances are assessed at financial year-end and variable remuneration payments made subsequently. It is ECMG's policy that variable remuneration should not be an element of any severance settlement. Any staff member who leaves the Firm in the period between the financial year end and the payment date for variable remuneration foregoes any bonus that their previous performance might have merited.

#### Material Risk Takers

The material risk takers in ECMG are the Firm's senior managers, as the individuals who execute the commercial strategy of the Firm and who supervise the execution desk.

#### Material Risk Takers – Total Remuneration

In the year ending 31<sup>st</sup> December 2024 the Firm had four Material Risk Takers.

Number of MRT	4
Names of MRT	Mansoor Mushtaq, Adam Seward, Kevin Lyu & Matthew Smith
Variable Remuneration Paid to MRT	\$6,891

<b>Types of staff</b>	<b>No</b>	<b>Fixed Remuneration</b>	<b>Variable Remuneration</b>	<b>Total</b>
Directors	4	\$509,450	\$6,891	\$516,341
Other material risk takers	-	-	-	-
Other staff	7	\$292,279	\$4,761	\$297,039
<b>Total</b>	<b>11</b>	<b>\$801,729</b>	<b>\$11,652</b>	<b>\$813,380</b>