



MIFIDPRU Annual Disclosures

Invicta Securities Limited (610220)

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Overview

Introduction

This Disclosure document sets out the governance arrangements of Invicta Securities Limited ("Invicta", "the Firm"), own funds and own funds requirements as required by MIFIDPRU 8.

Background

The Investment Firms Prudential Regime (IFPR) came into force on 1 January 2022 and applies to all MiFID investment firms authorised in the UK.

Under the IFPR's firm categorisation, Invicta is categorised as a non-small and non-interconnected firm (non-SNI).

The public disclosure is an important part of the IFPR because it increases transparency and confidence in the market and gives stakeholders and market participants an insight into how the Firm is run.

Governance arrangements

Board of Directors

The Firm has governance arrangements, which include a clear organisational structure with appropriate lines of responsibility and effective processes to identify, manage, monitor and report the risks that it is, or might be, exposed to.

The Firm is managed by its Board of Directors whose reporting lines are defined within the organisation structure. The firm ensures that the members of the Board of Directors are of sufficiently good repute; possess sufficient knowledge, skills and experience to perform their duties (as well as a sound understanding of the Firm's activities and main risks). The Firm ensures that it dedicates sufficient human and financial resources to the induction and training of members of the Board of Directors.

Risk management is implemented and overseen by Invicta's Board of Directors. The Board of Directors sets the firm's risk profile and monitors the firm's ongoing performance against its risk attitude and its desired risk appetite. The Board of Directors must assure itself that senior management has properly considered the firm's risks and has applied appropriate processes and resources to manage those risks within these parameters.

The Board of Directors wishes to grow the business in a controlled and sustainable manner, keeping risk within its self-set limits. This is felt to be adequately reflected in the firms' governance, controls, mitigation planning and business activities. The firm is confident that its senior management team has proven ability ensuring that the business remains tightly controlled within the limits set by the Board of Directors.

The Board of Directors meets at least once a month.

Directorships

The table below relates to the appointments of director, in both executive and non-executive capacities, held at external commercial organisations as at 31/12/2022.

SMF/Role	Names	No. of Other External Directorships
SMF3 Executive Director	Catia Lagrotteria	
SMF3 Executive Director SMF16 Compliance Oversight SMF17 Money Laundering Reporting Officer (MLRO)	Cosimo Argentieri	

Diversity

The Firm recognises that diversity of the Board of Directors improves the quality and objectivity of the decision-making process by bringing new voices to the table. It fosters innovation, creativity and a better understanding of customer insights through a greater variety of problem-solving approaches, perspectives and ideas.

The Firm approaches diversity in the broadest sense, recognising that successful businesses embrace diversity at all levels, including the Board of Directors and senior management. The Firm's Board of Directors considers diversity aspects including but not limited to:

- Ethnicity
- Gender
- Educational and professional background
- Age
- Geographical provenance

Conflicts of Interest

Invicta has a Conflicts of Interest Policy which identifies the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients, whilst specifying the procedures to be followed and the measures to adopt to manage the conflicts. The Board of Directors reviews Invicta's conflicts of interest register and policy periodically and at least annually.

Own Funds Disclosure

Invicta's regulatory capital consists of Common Equity Tier 1 (CET 1) capital, which is comprised of share capital, other audited reserves and retained earnings.

Invicta is required by MIFIDPRU 8.4 to provide a breakdown of its Own Funds instruments and to provide information on how these reconcile with the Firm's balance sheet. Furthermore, the Firm is required to disclose a description of the main features of the Own Fund instruments it has issued.

The firm does not hold any Additional Tier 1 (AT1) or Tier 2 (T2) Capital. The table below summarises the firm's capital and liquidity situation against its regulatory capital requirements as at 30/06/2023.

Table 1 - Composition of regulatory own funds		As at 30/06/2023
		('000s)
Own Funds Total		2,265
T1 Total		
CET 1 Total		2,265
1	Paid up capital instruments	250
2	Share premium accounts	0
3	Retained earnings	2,015
4	Accumulated other comprehensive income	0
5	Other reserves	0
6	Funds for general banking risk	0
Less		
7	Losses for the current financial year	0
8	Intangible assets	0
9	Deferred tax assets that rely on future profitability	0
10	Deduction of holdings of CET 1 instruments of financial sector entities	0
AT 1 Total		0
11	Capital instruments (where the conditions laid down in Article 52(1) are met)	0
12	Share premium accounts (related to the instruments above are met)	0
Less		
13	Art 56 deductions (inc holdings)	0
T2 Total		
14	Capital instruments (where the conditions laid down in Article 63 are met and to the extent specified in Article 64)	0
15	Share premium accounts (related to the instruments above are met)	0
Less		
16	Art 66 deductions (inc holdings)	0

Own Funds Requirements

Invicta must disclose its K-Factor requirement and Fixed Overheads Requirement amounts in relation to its compliance with the requirements set out in MIFIDPRU 4.3 (Own Funds Requirements).

Own Funds Requirement	As at 30/06/2023
Permanent Minimum Requirements (PMR)	750,000
Sum of K-COH and K-DTF	46,100
Sum of K-NPR, K-CMG, K-TCD and K-CON	261,300
Fixed Overhead Requirement (FOR)	423,400
IFPR Capital Requirement	750,000

Overall financial adequacy rule

Invicta 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.

Risk of harms analysis

The Firm analyses its risk of harms to clients, market and itself through its risk assessment framework. Fundamental to this is the Firm's risk and harms matrix which identifies risks that the firm's business could give rise to. Each categorised risk holds a description of the harm that crystallisation of the risk event could visit on the three broad categories of entities interacting with the firm; clients, market and firm itself. Each categorised risk is then graded with measures of harm and severity of consequence before and after controls and mitigations are put in place.

This methodology also codifies a means of allocating capital provision at the risk category level in order to inform the Firm of its own analysis capital requirement in comparison to its Own Funds requirement.

The current methodology for capital allocation involves the allocation of impact bands on a per risk driver basis, alongside harm mitigation costs. Within each category of risk (i.e. group of drivers), the highest impact is taken as a basis for capital allocation.

Wind Down Capital Requirement

The firm has carried out wind-down simulation within its ICARA with the aim of establishing the amount of regulatory capital and liquidity needed to ensure the firm winds down in an orderly manner. As part of the wind-down simulation, the firm identifies the cost and time for the firm to effectively wind down its operations if a significant stressed event was to either breach the Own Funds requirement or, if for whatever reason, the firm's management body decided to cease operations.