

AMT FUTURES LIMITED

Pillar 3 and Remuneration Disclosure - 2021

(Please note that this document refers to EU regulation. Following Brexit, all such regulation has been transposed and incorporated into UK legislation and regulation. However, for ease of reference to the more familiar provisions, the EU regulatory references are being retained for the time-being.)

Introduction

AMT Futures Limited ('AMTF') is authorised and regulated by the Financial Conduct Authority ('FCA') to conduct investment business under the Financial Services and Markets Act 2000 as amended by the Financial Services Act 2012. Article 431 of EU Regulation No 575/2013 of the European Parliament ('the Regulation') requires investment firms to make certain public disclosures to market participants. These are known as Pillar 3 disclosures. As at the year ended 31 December 2021 AMTF was an IFPRU limited licence investment firm as defined in the FCA's Handbook and this document is designed to meet its Pillar 3 disclosure requirements.

From 1st January 2022, AMTF is subject to the FCA's new Investment Firm Prudential Regime and is no longer subject to the Regulation. However, AMTF is still required to follow the Pillar 3 disclosure requirements it was subject to under the Regulation in relation to the accounting period ended 31st December 2021.

Disclosure Policy

The AMTF Board of Directors' policy is to review and approve the issue of the Company's Pillar 3 disclosures on an annual basis, unless circumstances necessitate additional disclosures. Disclosures are prepared in conjunction with the preparation of the annual statutory accounts. The current chosen location for public disclosure is the Company's website.

Article 432 of the Regulation allow firms to omit one or more of the disclosures listed if the information provided by such disclosures is not regarded as material, subject to some exceptions. The Regulation similarly allows firms to omit items of information if the information is regarded as proprietary or confidential subject to some exceptions. The AMTF Executive Directors review any such omissions as part of the overall approval process.

Disclosure Basis

AMTF has no subsidiaries. AMTF is a subsidiary of Amalgamated Metal Corporation PLC (AMC) and thus a member of the AMC Group. However, the Directors have determined, and have taken independent legal advice, that AMTF is not part of an investment firm group under the rules of the FCA Handbook. Consequently this disclosure is made on an individual basis under Article 436 of the Regulation.

Disclosure Data

This disclosure is prepared in conjunction with the annual statutory accounts for the financial year ended 31 December 2021.

Governance Arrangements

The Board of Directors of AMTF comprises the executive management and non-executive directors. Other directorships held by AMTF's Directors comprise either executive or non-executive directorships within the AMC Group or directorships in organisations which do not pursue predominantly commercial objectives.

The appointment of the Directors by AMC takes into account the collective knowledge, skills and experience to understand AMTF's activities, including the main risks.

AMTF and the AMC Group are committed to a policy of Equal Opportunities in all aspects of employment, including selection of members of the management body. This policy is intended to assist AMTF to put this commitment into practice. This Equal Opportunities policy shall be applied to all aspects of work, including recruitment and selection, pay and benefits, facilities, promotion, opportunities for training, discipline and selection for redundancy. It is unlawful to discriminate directly or indirectly in recruitment or employment on grounds of age, sex, gender reassignment, pregnancy, colour, race, nationality, ethnic or national origins, sexual orientation, religion or belief, or because someone is married or is a civil partner. It is unlawful to treat someone less favourably on grounds of disability than others without that disability are or would be treated, unless the less favourable treatment can be justified, or to fail to make reasonable adjustments to overcome barriers to employment caused by disability.

The Board of Directors meets quarterly.

Risk Management – Objectives, Policies and Disclosure

Risk Management The Company's risk management focuses on the major areas of market risk, credit risk, liquidity risk and operational risk.

Authority flows from the Board of Directors to individual directors of the Company and from them to the business managers who are integral to the management of risk.

The Board of the Company determines the level of risks that the Company is prepared to take. The principal risks facing the business relate to the following:

Counterparty Risk Counterparty Risk for AMTF covers client, broker and bank default, although the key risk element is seen as being that of client default. The risk of client default is covered by internal controls, as follows:

AMTF's business strategy of not granting credit to clients; requiring client accounts to be fully funded before trading commences and daily credit control/margin routines.

AMTF margining method uses the standard exchange margining routines, with its system supplier downloading official exchange prices and span arrays each night.

AMTF then applies 'margin bump up' factors to each client, depending on their jurisdiction, size, experience and ability to remit margin monies promptly/pay in same day funds. Only well-established financially sound clients paying margin calls on a same day basis will be on 'exchange minimums'.

AMTF carries a wide range of clients, so that the default risk of any one is unlikely to have a significant impact.

Market Risk Market Risk for a firm such as AMTF, that does not trade its own book, stems from the possibility of an inadvertent house position, as a result of a margin call that cannot be met or an execution error.

The risk of inadvertent house positions is covered by internal controls, as follows:

Daily reconciliations of broker ledger balances; Daily reconciliations of new trades, settlements, adjustments and deletions; Daily reconciliations of broker net open positions by instrument by prompt month (these markets are traded by month rather than by day); Daily reconciliations of net variation margin by instrument by prompt month; Separate review and approval of any necessary manual accounting vouchers; Weekly and monthly management oversight and sign off of broker reconciliations

Operational Risk Operational risk, inherent in all businesses, is the potential for financial and reputational loss arising from the failures in internal controls, operational processes or the systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud.

The regulated environment, in which the Company operates, imposes extensive reporting requirements and continuing self-assessment and appraisal. The Company seeks continually to improve its operating efficiencies and standards.

Liquidity Risk AMTF always maintains sufficient liquidity resources to ensure that it can meet all its liabilities as they fall due. The majority of its assets are liquid, in the form of cash.

AMTF has a liquidity risk management framework in place. On a monthly basis, AMTF runs a stress test of its liquidity position to affirm that the above statement remains true. A report summarising the results of this test is prepared for senior management.

On an annual basis AMTF considers if there is any need for a contingent funding plan.

Own Funds

At 31 December 2021, the Company had:

	GBP000s
Permanent Share Capital	1,000
Retained Earnings	609
Deduct: Intangible Assets	(79)
Deduct: Proposed Dividend	(338)
Common Equity Tier 1 Capital	1,192
Additional Tier 1 Capital	0
Tier 1 Capital	1,192
Tier 2 Capital	0
Eligible Capital and Own Funds	1,192

Capital Requirements

At 31 December 2021, the Company had a total capital requirement of £630k resulting in a surplus of financial resources of £562k.

Remuneration Code and Policy

In addition to the requirements under Article 450 of the Regulation, AMTF was subject to the Remuneration Code as set out in SYSC Chapter 19A of the FCA Handbook.

Remuneration Policy

AMTF's remuneration policy is established and monitored by the Board. It is designed not to encourage risk taking, other than within the parameters approved by the Board, and to operate, in conjunction with AMTF's internal control procedures, to promote effective risk management.

AMTF falls into proportionality level three, the lowest level, of the FCA's Remuneration Code. The Company adopts the FCA's remuneration principles proportionality rule which takes into account the nature, scope and complexity of its activities. As such, the Company has disapplied certain principles contained within the FCA's Code.

Fixed Remuneration

Fixed Remuneration is benchmarked to market rates and is proposed according to the level of responsibility, seniority and experience by the Managing Director. It is reviewed at least annually by the Chairman of the Board and adjustments are made to take account of market trends, performance and conduct. Retention factors are also considered.

Variable Remuneration

Variable remuneration is in the form of an annual discretionary bonus which is dependent on the profitability of the Company, not on revenues. There is a bonus pool in which all members of the Company participate and is allocated according to the appraisal of individual staff members. Both monetary and non-monetary factors are taken into consideration in the appraisal and include individual performance, attitude, conduct, teamwork, fair treatment of clients, the quality of service provision to clients and contribution to the Company's performance including adherence to its compliance and risk management policies. Retention factors are also considered.

Staff appraisals are conducted semi-annually which, together with further consultation with line managers, inform the decisions for both fixed and variable remuneration.

No bonus is paid unless the Company makes a net profit before tax, after adjusting for the cost of capital.

Remuneration Disclosures

Article 432 of the Regulation requires the following disclosures:-

- **Aggregate quantitative information on remuneration, broken down by business area**

AMTF has only one business area. AMTF is a proportionality level three firm as defined by the FCA's Remuneration Code. As such, it is concerned that public disclosure of this information by business area will result in individual information being easily identifiable with no public benefit. The Company's aggregate remuneration for the year ended 31 December 2021 was £1,330,000.

- **Aggregate quantitative information on Remuneration Code staff, broken down by senior management and members of staff who have a material impact on the risk profile of the firm**

AMTF is a proportionality level three firm as defined by the FCA's Remuneration Code. As such, it is concerned that public disclosure of this information will result in individual information being easily identifiable with no public benefit.

All necessary information will be made available to the FCA on request.

It is the view of AMTF Board of Directors that disclosure of further information is not necessary on the grounds of materiality, given the nature of AMTF's business model, as already outlined.