



# Stratos Markets Limited

## Disclosures

### 31 December 2025

*Stratos Markets Limited*  
*125 Old Broad Street, Ninth Floor, London, EC2N 1AR*  
*United Kingdom*

# Contents

1.	Overview .....	3
1.1	Disclosures Introduction (MIFIDPRU 8.1).....	3
1.2	Frequency and Scope of Disclosures .....	3
2.	Risk Management Objectives and Policies .....	4
2.1	Risk Management (MIFIDPRU 8.2) .....	4
2.2	Internal Capital and Risk Assessment (ICARA).....	4
2.3	Principal Risks and Mitigation Techniques .....	5
3.	Governance Arrangements .....	9
3.1	The Board .....	9
3.2	Governance Structure .....	9
3.3	Number of Directorships .....	11
3.4	Diversity.....	11
4.	Own Funds .....	12
4.1	Composition of Own Funds.....	12
5.	Own Funds Requirements .....	14
5.1	Own Funds Requirements .....	14
5.2	Approach to Assessing the Adequacy of Own Funds.....	14
5.3	The ICARA Process .....	15
5.4	Own Funds Adequacy and Monitoring.....	15
6.	Remuneration Policy and Practices .....	16
6.1	Decision Making Process for Determining Remuneration Policy.....	16
6.2	Material Risk Takers – Criteria.....	16
6.3	Link between Pay and Performance .....	17
6.4	Design Characteristics .....	17
6.5	Ratio between Fixed and Variable Remuneration .....	17
6.6	Remuneration Cost for Material Risk Takers .....	17
7.	Investment Policy .....	18

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# 1. Overview

## 1.1 Disclosures Introduction (MIFIDPRU 8.1)

These disclosures set out the Investment Firm Prudential Regime ('IFPR') MIFIDPRU 8 requirements in relation to Stratos Markets Limited ('Stratos UK' or 'the Firm'), which is a private limited company incorporated under the laws of England and Wales and part of the Stratos Group.

The Firm is part of the Stratos Group, an online provider of multi-asset and derivative trading, and related services to clients globally. Clients can obtain market access through both proprietary and white-labelled trading platforms. The Firm operates under two distinct brands: "FXCM" and "Tradu".

The Firm is authorised and regulated in the United Kingdom by the Financial Conduct Authority ('FCA') to conduct investment business. The Firm reference number is 217689.

## 1.2 Frequency and Scope of Disclosures

The Firm is subject to IFPR rules as a non-small non-interconnected ('non-SNI') MIFIDPRU investment firm having part 4A permissions to undertake investment activities and services, including dealing as principal.

Quantitative disclosures reflect the position at 31 December 2025. The presentation is in United States Dollars ('USD') as this is the Firm's functional and presentational currency.

The Firm is a member of Stratos Group International LLC. and its subsidiaries ('Stratos Group') and its parent is Stratos Global Holdings LLC., a United States Delaware Holding Company. On 14 September 2023, the Stratos Group became 100% owned by Jefferies Financial Group Inc. Previously, Jefferies Financial Group Inc. had a 49.9% ownership interest in the Stratos Group.

In accordance with MIFIDPRU 8.1.7, this disclosure is on an individual basis. The Firm does not have a UK parent entity, as defined in MIFIDPRU (on account of its parent entity being located overseas), and it does not have any subsidiaries of its own. Prudential consolidation applies when an investment firm and other entities associated with it (irrespective of their country of incorporation) together meet the conditions in MIFIDPRU 2 to form an "investment firm group", or if advised by the FCA to do so. Based on an internal assessment against the rules, an investment firm group has not been formed.

MIFIDPRU 8 sets out the public disclosure obligations with which the Firm must comply. Public disclosures are a key component to facilitate market discipline and encourage the stability of financial markets by allowing market participants to assess key information on firms' capital adequacy, liquidity adequacy and their risk control processes.

These disclosures are prepared annually and are proportionate to the Firm's size, organisation, and to the nature, scope and complexity of the Firm's activities. Disclosures are approved by the Board and available on the Firm's websites: <https://www.tradu.com/uk> and <https://www.fxcm.com/uk>.

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## 2. Risk Management Objectives and Policies

### 2.1 Risk Management (MIFIDPRU 8.2)

The Firm has an established risk management framework designed to identify, measure, mitigate, monitor, and report the Firm's risks. This provides the Firm's Board of Directors ('the Board') with assurance that the Firm's recognised principal risks remain within Board approved risk appetite levels.

In order to achieve the Firm's objectives, the Firm recognizes that it will take on certain risks. Stratos UK aims to take risks in an informed and proactive manner such that the level of risk is aligned with the potential rewards. The objective of the Risk Management framework is to align the Firm's goals with the Firm's risk appetite. Management regularly reviews risk exposures against current risk appetites and risk limits to ensure they fit with the Firm's strategy.

The Firm's risk management governance is organised through Board approved policies and procedures, including an Overarching Risk Policy, which articulates the Firm's risk appetite with respect to its key risks.

The Global Risk Officer heads the risk management department ('RMD') and the RMD works with different departments within the Firm to orchestrate and embed the risk management process. To ensure continued enhanced monitoring of all identified risks, the RMD maintains a risk register. Updates to the risk register involves a collaboration between the RMD and respective risk owners who represent the first line of defence for each individual risk. This ensures that all relevant personnel are aware of the risks facing the Firm and facilitates the identification of those areas requiring potential improvement.

The Risk Management Committee ('RMC') provides oversight of the risk management process including review of the Firm's ICARA document. As part of its responsibilities, it regularly updates the Firm's risk strategy as well as monitoring all risks on an ongoing basis.

The RMC's main responsibilities may be summarised as follows:

- Maintaining and having oversight of Stratos UK's risk policy framework;
- Reviewing and monitoring the Firm's risk profile in line with risk appetite. This is undertaken through the ongoing process of risk identification, impact and probability assessment, risk rating, control assessment and reporting of all material risks;
- Overseeing the monitoring and review of current changes in market conditions, and how they may impact the Firm; and
- Reviewing the scope and nature of work undertaken by the RMD, which includes but is not limited to credit risk, market risk, operational risk, regulatory and compliance risk, liquidity and capital risk, group risk, outsourcing risk, and reputational risk.
- The RMC reports into the Audit and Risk Committee who in turn have oversight of the Firm's risk management framework.

### 2.2 Internal Capital and Risk Assessment (ICARA)

The ICARA process incorporates details previously provided in the internal capital adequacy assessment process, but with a greater emphasis on the potential harm that could arise to clients, markets and the Firm.

The ICARA process involves the identification of the Firm's risks, the assessment of relevant mitigations and the calculation of any additional own funds or liquid assets where the rules-based requirements may be

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insufficient. The internal assessment of the amount of own funds and liquid assets required to ensure the Firm can maintain ongoing operations and wind-down in an orderly fashion are reviewed, challenged, and approved by senior management, the RMC and the Board, to ensure all relevant risks have been considered and are appropriately evaluated against the business model.

## 2.3 Principal Risks and Mitigation Techniques

The following tables set out information on the Firm's principal risks and the approach to the management and mitigation of these risks. The Firm is subject to further risks and uncertainties considered less significant and are not included in these tables.

Where relevant, these assess the categories of risk that are addressed in MIFIDPRU 4 (Own funds requirements), MIFIDPRU 5 (Concentration risk) and MIFIDPRU 6 (Liquidity).

Key Risk	Sub-Category	Description	Risk Mitigation
Market Risk		The risk that exposures to market price fluctuations inherent in the positions held by the Firm (both on and off-balance sheet) could give rise to a material loss given adverse price movement. The Firm has market risk arising from on-balance sheet currency mismatch, FX and CFD positions.	Firm positions are fully hedged to ensure there is no market risk exposure. On balance sheet currency mismatch risk is monitored daily to control position risk with applicable limits in place.
Credit Risk		Credit risk, or default risk, is the risk that a third party will fail to meet their financial obligations. This includes credit risk arising from on-balance sheet exposures and off-balance sheet exposure from OTC derivative trading.	Credit risk mitigants include netting / margining agreements, or terms and conditions imposed on a client / counterparty with the aim of reducing the credit risk inherent to the transaction. The legal function ensures the enforceability of credit risk mitigants within the laws applicable to the jurisdictions in which the Firm operates. The Firm imposes limits on exposures to all relevant counterparties, in line with relevant regulatory requirements, and monitors all exposures daily to ensure adherence to both internal and regulatory limits. Regular credit reviews, specific margining rules and credit limits apply. Management information is provided to the Credit Working Group, RMC and the Board on a regular basis.
Concentration Risk		Concentration risk of exposures to a single client or counterparty, group of connected counterparties, or to a particular geography, asset class or industry.	In addition to the controls in place for credit concentration (included as mitigation for credit risk), the Firm has in place controls to cover other aspects of concentration risk. The Firm's preference is to have exposures arising only to politically stable jurisdictions understood by the Firm. Regular monitoring of political events takes place, as well as monitoring of regulatory developments and sanctioned countries. Credit limits apply and third-party credit ratings are monitored regularly.
Operational Risk	Conduct Risk, including Legal Risk	The risk of losses arising from failing to deliver fair customer outcomes, or losses due to lack of market integrity. Employee misconduct could cause harm that is difficult to detect.	The Chairman of the RMC ensures the principles of conduct risk and risk appetite are communicated and adhered to throughout the Firm and ensures the Firm maintains adequate management information, measuring the Firm's adherence to specific benchmarks for conduct risk appetite. Compliance oversight and monitoring of client complaints etc. Staff training provided at employment with annual mandatory refreshers for all staff. The establishment of a Consumer Duty framework and nomination of a non-executive director as Consumer Duty Champion ensures adherence to the relevant rules thereby further mitigating the potential for client harm.
	Fraud (Internal and External)	Risk of loss associated with fraud, corruption, theft (misappropriate property), forgery and internal fraud by staff (circumvent regulations, the law or company policy), clients, suppliers and others.	Enhance the Firm's approach to fraud management through consistent policies, standards and methodologies. The presence of a Compliance function that ensures staff discharge their responsibilities to report regulatory breaches, allegations of fraud, bribery and corruption, and non-compliance with policies. Ongoing training (Anti-Money Laundering) of staff and on fraud prevention and detection. Vetting of staff in high-risk roles. Participate in industry workshops to gain an understanding of current trends to enhance the control environment. Multiple level sign-off. Frequent reconciliation of client and bank records and monitoring client (suspicious) activity/ client screening.
	Information Technology ('IT')	Risk of loss associated with disruption to the IT systems, which underpin the Firm's critical business processes and client services.	Operation of a 24/7 production engineering team responsible for service management, including incident detection, triage, response and recovery of service interruptions. Security monitoring of full estate for detection, triage, response and recovery of cyber threats. Sophisticated perimeter defences to prevent denial of service and penetration of network. Continuous improvement of IT governance, overseen by the IT committee, including systems reliability, data protection and integrity, change management.

Key Risk	Sub-Category	Description	Risk Mitigation
			Business continuity planning and testing. Regulatory compliant management of the Firm's third party IT service providers.
	Information Security ('Infosec')	Vulnerabilities to cybercrime, and process failure may disrupt the business or result in regulatory action.	Continuously monitor and patch vulnerabilities across Firm's infrastructure to prevent exploitation. Enforcement of multi-factor authentication and least privilege access to protect sensitive systems. Regular phishing simulations and security awareness training are conducted to reduce human error. All changes go through structured change management with approvals and rollback plans. Mapping of controls to regulatory requirements and conduct of regular compliance audits to ensure adherence.
	Clients, Products & Business Practices	Risk of loss arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements) or arising from the nature or design of a product.	Product approval process with annual review. Regular monitoring of Firm capital levels. Daily reconciliation of client funds. Quality check process at creation and post-update of account setting profiles. Results reported to RMC. Each quarter metrics relating to client outcomes are reported to the Board.
	Damage to Physical Assets	Risk of damage to physical assets due to, for example natural disaster, fire and terrorist attacks affecting operations.	Purchase of insurance policies to mitigate cost of damage. Business Continuity Plan seeks to address residual effects of damaged physical buildings / assets. Appropriately qualified IT and administrative staff to deal with issues arising.
	Financial Crime Compliance ('FCC') Risk	Financial crime and process failure, which may disrupt the business or result in regulatory action.	FCC procedures, processes and staff training to prevent financial crime. Includes risk assessment, surveillance of client trading activities, surveillance of employee trading activities, suspicious transaction reporting. Programmes surrounding anti-bribery and corruption etc.
Strategic Risk		The risk that the Firm's strategy does not yield the expected results or comes at the cost of missed alternative strategies.	The Firm continues to enhance the breadth and depth of its product offering to encourage client retention, penetrate new markets and thereby mitigate the risk of not meeting its strategic goals. This is supplemented by ongoing infrastructure and trading platform developments. Performance is tracked against relevant KPIs. Furthermore, the Firm carries out regular analysis of media coverage and client sentiment towards the Firm and works towards offering the products that are requested by the Firm's clients if appropriate.
Outsourcing Risk		The risk associated with the reliance on, and use of both internal and external service providers to provide services to the Firm.	Policies include adequate guidance over the assessment, selection, suitability and oversight of outsourced and third-party providers. Processes for upfront and periodic evaluation based on size, materiality, security and service provision of the third party. The establishment of policies and intercompany service level agreements, with associated KPIs, that are monitored by the RMC.
Interest Rate Risk in the Non-Trading Book		This risk arises from timing differences in the fixed rate maturity and floating rate repricing of assets, liabilities and off-balance sheet positions. This affects the interest rate margin realised between lending income and borrowing costs.	The Firm has no external financing and is therefore less sensitive to an increase in interest rates. The Firm is subject to maturity mismatch, but only in relation to a small proportion of segregated client funds that are placed on deposit. This is subject to limits and close monitoring.

Key Risk	Sub-Category	Description	Risk Mitigation
Liquidity Risk		The risk that the Firm has insufficient liquid assets to meet its financial obligations as they fall due.	Liquidity risk management is vital for protecting the Firm's operating funds and safeguarding segregated client balances. Through active liquidity management, the Firm seeks to preserve liquid resources. Accordingly, the Firm ensures that core liquidity risk management principals are reflected in day-to-day practices whilst being mindful of the key liquidity risks to the business. These risks and the mitigation of such risks are documented in the Firm's ICARA. Liquidity is managed intraday and stressed as part of the ICARA process, part of the Firm's robust and comprehensive processes for assessing, measuring and controlling liquidity risk. A liquidity buffer is maintained in the form of immediately available unencumbered cash held at banks. The Firm has identified a number of management actions available to preserve liquid resources.
Capital Adequacy Risk		Insufficient capital may result in potential breaches of capital adequacy regulations.	The maintenance of sufficient capital is critical to operate a successful business model and meet regulatory capital and concentration exposure requirements. The Firm manages its own funds and own funds requirements through the ICARA process, which includes stress testing and scenario analysis. Monitoring of the Firm's capital position is performed daily.
Regulatory Risk		The risk of non-compliance with regulatory requirements and that a change in laws and regulations will materially impact the Firm's profitability, reduce the attractiveness of products or change the competitive landscape.	The Group's Compliance and Legal departments assist in the management of regulatory and compliance risk which includes the identification and adherence to legal and regulatory requirements. Support includes: drafting and maintenance of Compliance policies in order to ensure all regulatory obligations are met and the business strategy reflects the necessary laws; conducting impact assessments to determine which aspects of the Firm's operations are affected by new regulatory obligations and what may need to be remediated; performing risk assessments on the Firm's products, services and initiatives; and, performing regulatory horizon scanning for developments that may be relevant to the business.

Further information on Stratos UK's risk management framework and details as of 31 December 2025 may be found in the Stratos UK financial statements.

### 3. Governance Arrangements

Stratos UK is committed to having a corporate governance framework that enables effective leadership and prudent management of the Firm and is appropriate to the size and the level of risk within the Firm. The corporate governance structure of Stratos UK is detailed below.

#### 3.1 The Board

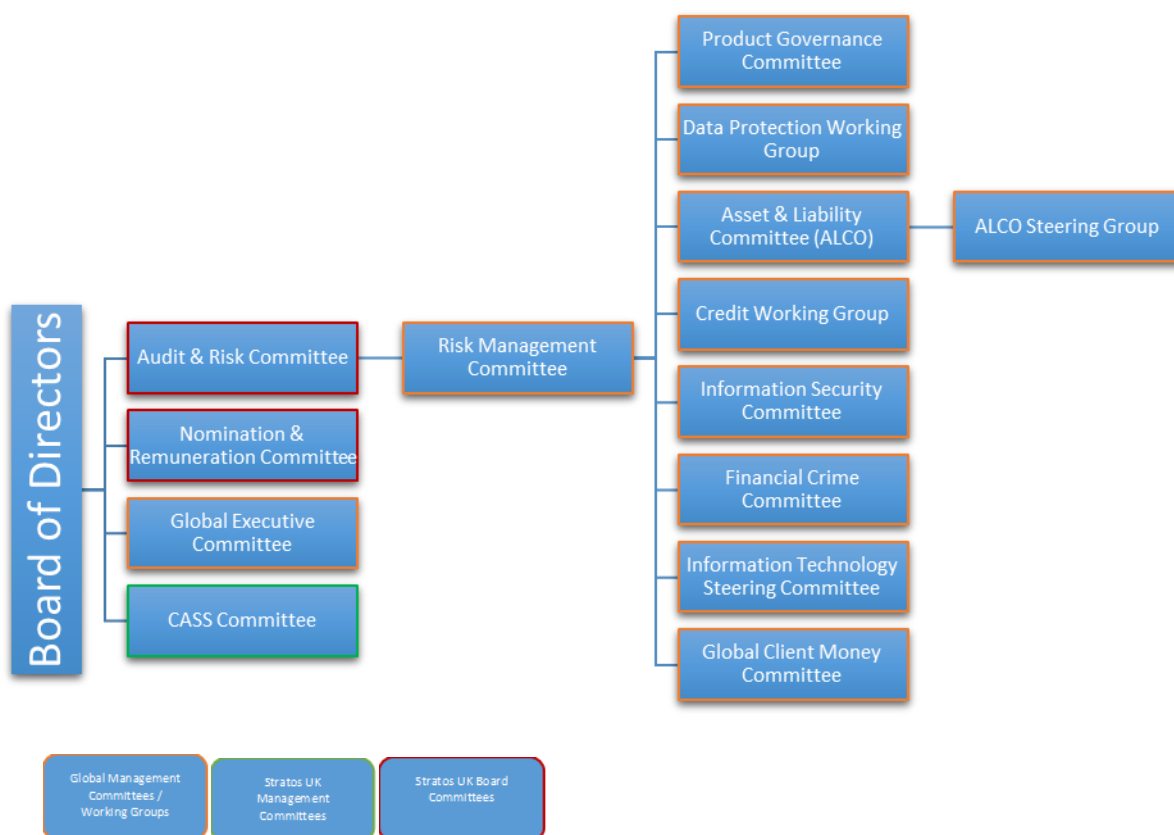
The Board is the Firm’s governing body. The Board sets the strategy and monitors progress towards achieving that strategy. The Board ensures the Firm’s risk management, conduct and governance processes are effective, prudent and sets the Firm’s culture and values.

The Board, supported by the relevant committees, continuously assesses the potential impact of the Firm’s principal risks. The Board has concluded that the Firm has robust systems and processes in place to manage these risks and that under ICARA related stress scenarios, business activity would be subdued, however the Firm would continue to maintain adequate liquidity and capital to support continued operations.

In accordance with the UK Corporate Governance Code, as amended from time to time, which the Firm follows where appropriate, the Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

#### 3.2 Governance Structure

The Firm’s governance structure is as follows:



The main responsibilities of the Firm's committees are set out as follows:

COMMITTEES		RESPONSIBILITIES
BOARD COMMITTEES	Audit & Risk Committee	The responsibilities of the Committee include, <i>inter alia</i> , scrutiny and review of the annual report and accounts, related internal control disclosures and any other publicly available financial information.
		Ensuring the external and internal audit arrangements are appropriate and effective.
		Ensuring management's self-assessment of risk across the Firm appears reasonable and the Firm's response appropriate.
		Ensuring the implementation of improvements following the findings from reviews undertaken by the compliance and risk functions.
	Nomination & Remuneration Committee	Overseeing the risk management operations of the Firm and ensuring that the Firm maintains adequate risk management policies and procedures, including effective procedures for risk assessment, measurement, mitigation, control, reporting and monitoring.
		The purpose of the committee is, <i>inter alia</i> , to determine and oversee the Remuneration Policy for Stratos UK and ensure that remuneration is decided on a responsible, fair and consistent basis in line with the Remuneration policy.
To lead the process of appointments to the Board through a formal, rigorous and transparent procedure.		
	To ensure effective plans are in place for an orderly succession to the Board and senior management positions.	
MANAGEMENT COMMITTEES / WORKING GROUPS	Global Executive Committee	The Global Executive Committee is a management committee of Stratos Group. The committee was established to provide a strategic forum for senior management of the operating entities of Stratos Group, including Stratos UK, to share updates, align on priorities, and make collective decisions on key operational and business matters. The committee aims to improve cross-functional coordination, communication, and decision-making, ensuring that Stratos Group and its subsidiary companies are operating efficiently and effectively in alignment with set strategic goals.
	Stratos Markets Limited CASS Committee	The CASS Committee is a management committee of the Firm. The committee is responsible for establishing, implementing and maintaining adequate policies and procedures sufficient to ensure compliance with the FCA's CASS rules
	Risk Management Committee	The RMC is a global committee of the operating entities of Stratos Group, including the Firm. In relation to the Firm, the purpose of the committee is to oversee the day-to-day risk management operations of the Firm, under the supervision of the Audit & Risk Committee, and to ensure that the Firm maintains adequate risk management policies and procedures, including effective procedures for risk assessment, measurement, mitigation, control, reporting and monitoring.
	Product Governance Committee	The Product Governance Committee operates under the delegated authority of the RMC and is a sub-committee of the RMC. The purpose of the committee is to oversee the launch of new products to clients of Stratos Group entities, including the Firm, and to ensure the appropriate processes and approvals are completed before products are launched.
	Data Protection Working Group	The Data Protection Working Group operates under the delegated authority of the RMC. The purpose of the working group is to oversee and monitor the Group's compliance with the data privacy laws including subject access requests.
	Asset & Liability Committee	The ALCO operates under delegated authority from the RMC and is a sub-committee of the RMC. The ALCO is responsible for the global balance sheet management of all Stratos Group regulated entities, including Stratos UK. Balance sheet management refers to the risk management of capital and liquidity as documented in the ICARA.
	Credit Working Group	The Credit Working Group operates under delegated authority from the RMC. The purpose of the working group is to determine and approve the credit risk appetite of Stratos Group entities, including Stratos UK, and review requests to provide new credit lines or extend credit lines to new and existing clients.
	Information Security Committee	The Information Security Committee operates under the delegated authority of the RMC and is a sub-committee of the RMC. The purpose of the committee is to oversee the development, implementation, and ongoing management of the information security program to establish Information Security priorities, and a governance framework to support related projects and initiatives for Stratos Group and its subsidiaries under common control, including Stratos UK.
	Financial Crime Committee	The Financial Crime Committee operates under the delegated authority of the RMC and is a sub-committee of the RMC. The purpose of the committee is to provide governance and oversight of the money laundering and counter terrorist financing ('CTF') programme and the financial crime risks that are present within the business of Stratos Group entities, including Stratos UK and within the industry, such as money laundering and CTF.
	Information Technology Steering Committee	The Information Technology Steering Committee operates under the delegated authority of the RMC and is a sub-committee of the RMC. The purpose of the Committee is to establish information and communication technology priorities, and a governance framework to support related projects and initiatives for Stratos Group entities, including Stratos UK.
	Global Client Money Committee	The Global Client Money Committee operates under the delegated authority of the RMC and is a sub-committee of the RMC. The Global Client Money Committee is a global management committee for all regulated firms under Stratos Group, including Stratos UK. The purpose of the committee is to ensure that arrangements are in place for adequate protection of clients' assets in accordance with the best interest of the clients of the Firm and other regulated entities of Stratos Group.

### 3.3 Number of Directorships

The number of executive and non-executive directorships held by Directors at the year ended 31 December 2025 were as follows:

Directors	Director role	Number of External Directorships Held
Brendan Callan	Executive Director & Chief Executive Officer	0
Juan Cafe	Executive Director & Chief Operating Officer	0
Annette Barnes	Non-Executive Director & Chair of the Nomination & Remuneration Committee, Primary Whistleblowing Champion & Consumer Duty Champion	2
Richard Weighell	Non-Executive Director & Chair of the Audit & Risk Committee	0
Philip Manning	Non-Executive Director & Chair of the Board	3

The following types of directorships are not included within the scope of this analysis:

- Executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and
- Executive and non-executive directorships held within the same group or within an undertaking (including a non-financial sector entity) in which the Firm holds a qualifying holding.

### 3.4 Diversity

The Firm is committed to diversity, equity, and inclusion ('DEI') as a core part of its culture, with both management and the Board taking pride in maintaining a diverse workforce. This commitment is reflected in a formal DEI policy that promotes a culture of difference, actively works to eliminate workplace discrimination, and applies across all aspects of employment — from recruitment, pay, and benefits through to training, promotion, conduct, and termination.

## 4. Own Funds

### 4.1 Composition of Own Funds

The Firm's own funds is only comprised of common equity tier 1 capital, being share capital and retained earnings. Prudential adjustments to own funds include a deduction for any deferred tax assets and the prudent valuation adjustment. Current year profits are excluded from own funds until audited whilst losses are reflected immediately as incurred.

MIFIDPRU 8.4 requires the Firm to provide information regarding its own funds instruments in addition to how these reconcile to the financial statements.

The composition of own funds is illustrated in more detail in Table 1 below, with Table 2 demonstrating how this aligns to the balance sheet in the 31<sup>st</sup> December 2025 audited financial statements. Table 3 discloses the main features of the Own Fund Instruments issued by the Firm.

The Firm does not hold own funds in the form of additional tier 1 or tier 2 Capital.

Table 1. Composition of Regulatory Own Funds			
31 December 2025	Item	Amount (USD '000's)	Source based on reference numbers of the balance sheet in the audited financial statements
1	Own funds	58,780	
2	Tier 1 capital	58,780	
3	Common equity tier 1 ('CET1') capital	58,780	
4	Fully paid-up capital instruments	0	i
5	Share premium		
6	Retained earnings	58,807	ii
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters	(27)	
10	Other funds		
11	(-) Total deductions from CET1		

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

	a	b	c
	Balance sheet as in audited financial statements	Under regulatory scope of consolidation	Cross-reference to Table 1.
	As at 31 December 2025 (USD'000's)	As at 31 December 2025 (USD'000's)	
<b>Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements</b>			
<b>Non-current assets</b>			
1 Tangible fixed assets	247		
<b>Current assets</b>			
2 Debtors	46,425		
3 Trading derivatives	6,596		
4 Investments	2,442		
5 Cash and cash equivalents	129,072		
<b>Total assets</b>	<b>184,782</b>	<b>0</b>	
<b>Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements</b>			
<b>Non-current liabilities</b>			
6 Provisions for liabilities			
<b>Current liabilities</b>			
7 Creditors: amounts falling due within one year	121,640		
8 Trading derivatives	4,335		
<b>Total liabilities</b>	<b>125,975</b>	<b>0</b>	
<b>Shareholder's equity</b>			
9 Called up share capital	0		i
10 Retained Earnings	58,807		ii
<b>Equity shareholder's funds</b>	<b>58,807</b>	<b>0</b>	

**Table 3. Own Funds: Main Features of Own Instruments Issued by the Firm**

Cross reference to Tables 1 and 2.	Referencing the audited financial statements	Main features of own instruments issued by the Firm
i	Called up share capital	Instrument type: ordinary share capital Balance sheet value £1.00 Allotted, issued and fully paid of £1 each Accounting classification: ordinary shares

## 5. Own Funds Requirements

### 5.1 Own Funds Requirements

In accordance with MIFIDPRU 4.3.2, the Firm's own funds requirement is the higher of its permanent minimum requirement, its fixed overhead requirement, or the sum of its K-factor requirement. The amounts are presented in Table 4 below.

<b>Table 4. K-Factor requirement and fixed overhead requirement ('FOR')</b>	
<b>Requirement as at 31 December 2025</b>	<b>Amount (USD '000's)</b>
Sum of: K-AUM + K-CMH + K-ASA	478
Sum of: K-COH + K-DTF	2,136
Sum of: K-NPR + K-CMG + K-TCD + K-CON	3,275
FOR	4,356

Of the above K-Factors, the Firm is currently only subject to the following requirements:

- K-CMH Client Money Held
- K-NPR Net Position Risk
- K-TCD Trading Counterparty Default
- K-DTF Daily Trading Flow
- K-COH Customer Orders Handled

The other K-Factors may become relevant given the Firm's current permissions and activities. However, should the Firm explore alternative business activities, these impacts would be assessed through the new product forum and other business approval processes.

### 5.2 Approach to Assessing the Adequacy of Own Funds

In accordance with MIFIDPRU 7.4.7, Stratos UK must also disclose its approach to assessing the adequacy of its own funds in accordance with the overall financial adequacy rule ('OFAR') where a firm must, at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure:

- (a) 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
- (b) The firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The foundation for the own funds internal assessment to sustain ongoing operations and support an orderly wind-down are the K-factors and the FOR.

The ICARA process determines the amount of any additional own funds or liquid assets necessary to cover risks and potential harms that may not be covered by the K-factors or the FOR.

Risks are assessed internally and compared to the rules-based own funds requirements. In addition, the results from the Firm's severe, but plausible stress testing and scenario analysis may identify additional capital and liquidity needs.

The own funds threshold requirement ('OFTR') is the amount of own funds a firm needs to hold at any given time to comply with the OFAR. It is calculated as the higher of the two measures above i.e. the own funds assessment from ongoing activities or from the costs to support an orderly wind-down. These calculations are detailed in the Firm's ICARA.

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## 5.3 The ICARA Process

The Firm's ICARA process is the focal point of a robust risk management framework and the continuous assessment of systems, controls and procedures in operation. The ICARA is reviewed and updated annually or immediately following a material change in the Firm's operating model. The ALCO, RMC and the Board provides feedback / challenge and final approval.

The main components of the ICARA documents are as follows:

- A consideration of the own funds and liquid assets on a forward-looking basis that the Firm needs to maintain;
- Plausible stress scenarios that could affect the Firm under:
  - Normal operations type circumstances (to include severe but plausible assumptions over a protracted period of time, considering firm-specific and macro-economic trigger events with a combined scenario, each to include the impact of management actions); and
  - Additionally stressed scenarios for the purposes of a recovery situation to include the impact of recovery options.
- A clear description of the Firm's business model and strategy and how it aligns with the Firm's risk appetite;
- An explanation of the activities of the Firm;
- An identification of the harms that may arise from the ongoing operation of the Firm, including a reflection of the lifecycle of a client's experience and how harms may be mitigated owing to the Firm's control framework and culture;
- A description of appropriate systems and controls to identify, monitor and mitigate / reduce all potential material harms;
- Recovery planning; and
- Reverse stress testing and wind-down planning.

## 5.4 Own Funds Adequacy and Monitoring

The Firm closely monitors own fund and liquid asset threshold requirements and concentration risk limits with appropriate details circulated to senior management on a daily basis.

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## 6. Remuneration Policy and Practices

Remuneration Policy disclosures are made in accordance with MIFIDPRU 8.6. These rules recognise that not all the regulation's principles apply to firms equally and therefore introduce a concept of proportionality, whereby compliance is achieved in a manner appropriate to the size, internal organisation, nature, and scope of the activities of the relevant firm.

The FCA reiterates the concept of proportionality as set out in SYSC 19G.1.26 of the MIFIDPRU Remuneration Code. This section describes the remuneration policies and practices applied to all Stratos UK categories of staff, while setting out how staff whose professional activities are deemed to have a material impact on the Firm's risk profile are identified, noting that remuneration requirements in respect of Material Risk Takers ('MRTs') are stricter than those for other staff.

### 6.1 Decision Making Process for Determining Remuneration Policy

The Nomination and Remuneration Committee ('N&RC') comprises the non-executive directors of Stratos UK. The committee meets at least three times a year and the Board approves its written term of reference ('ToR'). The N&RC is responsible for the remuneration policy and compensation levels for executive directors and MRTs. Furthermore, it is also responsible for the culture of the firm as it relates to workforce remuneration.

The N&RC obtains advice from the Head of Compliance, the CEO and Human Resources management. Colleagues are never involved in discussions relating to their own remuneration. The N&RC also engages with major shareholders where material changes to remuneration policy for executives are proposed.

### 6.2 Material Risk Takers – Criteria

The MIFIDPRU Remuneration Code requires Stratos UK to identify individuals whose professional activities have a material impact on the Firm's risk profile (MRTs); the remuneration of MRTs is subject to more stringent requirements of the MIFIDPRU Remuneration Code than those for other staff.

The following criteria meet the FCA requirements for MRTs (as set out in SYSC 19G.5.3R):

1. The staff member is a member of Stratos UK's management body in its management function;
2. The staff member is a member of Stratos UK's management body in respect of the management body in its supervisory function;
3. The staff member is a member of the Firm's senior management;
4. The staff member has managerial responsibility for business units that are carrying on at least one of the following regulated activities:
  - a. arranging (bringing about) deals in investments;
  - b. dealing in investments as agent;
  - c. dealing in investments as principal;
  - d. managing investments;
  - e. making investments with a view to transactions in investments;
  - f. advising on investments (except P2P agreements); and/ or
  - g. operating an organised trading facility;
5. The staff member has managerial responsibilities for the activities of a control function;

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6. The staff member has managerial responsibilities for the prevention of money laundering and terrorist financing;
  7. The staff member is responsible for managing a material risk within the Firm;
  8. The staff member is responsible for managing one of the following activities:
    - a. information technology;
    - b. information security; and/or
    - c. outsourcing arrangements of critical or important functions as referred to in SYSC 8.1.4AR; and
  9. The staff member has authority to take decisions approving or vetoing the introduction of new products.

### **6.3 Link between Pay and Performance**

The N&RC's ToR clearly sets out its approach to linking pay and performance. The remuneration policy supports the business strategy of the Firm, which encourages and rewards growth and shareholder alignment. It is based on building long-term relationships with clients and employees as well as managing the financial consequences of business decisions across the economic cycle.

Overall, the N&RC considers that a successful remuneration policy needs to be sufficiently flexible to take account of future changes in the Firm's business environment and in remuneration practices. There must be transparency and alignment to the delivery of strategic objectives at both the Firm and individual level. There must also be scope to reward for exceptional efforts and achievements that delivers value both for the Firm and shareholders. Likewise, failure to achieve individually or at Firm level will not be rewarded.

At the same time, the objective is to align individual rewards with the Firm's performance, the interest of clients and shareholders and to incentivise a prudent approach to risk management.

### **6.4 Design Characteristics**

Remuneration is delivered via a combination of fixed and variable elements, which include base salary and a discretionary bonus. Details on the different bonus schemes are outlined in Stratos UK's remuneration policy.

All employees receive a fixed salary that reflects their market value, responsibility and contribution to the Firm. The Firm pays market competitive salaries with variable remuneration awards. All employees are eligible for consideration for a variable remuneration award through a discretionary bonus. Any bonus payment is subject to the achievement of the Firm's targets, business unit and individual objectives taking into consideration various risk criteria.

### **6.5 Ratio between Fixed and Variable Remuneration**

The N&RC applies an appropriate balance between fixed and variable remuneration. The N&RC ensures that remuneration policies, procedures, and principles are consistent with Stratos UK's values and purpose and support its long-term sustainable success. In this regard, the N&RC ensures the ratio between fixed and variable remuneration is such that it does not encourage unnecessary risk taking. Rather, the variable component is aligned with the achievement of good outcomes for clients, the Firm, and the markets. In line with the principle of proportionality applied by the Firm, no staff received remuneration in excess of USD 1m during the financial year ended 31 December 2025.

### **6.6 Remuneration Cost for Material Risk Takers**

For the year ending 31 December 2025 the aggregate remuneration in respect to the Firm's MRTs was as follows:

Table 5. Executive Directors and Other Code Staff		UK Senior Management and Other Material Risk Takers		Other UK Staff
	Code staff Cash paid aggregate remuneration USD '000's	No. of recipients	Aggregate remuneration	Aggregate remuneration
1	Fixed remuneration awarded for performance	13	2,734	961
2	Variable remuneration awarded for performance	10	538	185

Notes:

- In accordance with MIFIDPRU 8.6.8(7) the Firm has aggregated the data for UK senior management and other MRTs on the basis that splitting the information between those two categories would lead to the disclosure of information about one or two people.
- Some MRTs are remunerated by Group affiliates.
- In accordance with MIFIDPRU 8.6.8 (5)(c), the highest severance payment to an individual material risk taker was GBP 132,500.

## 7. Investment Policy

MIFIDPRU 8.7.1 requires firms to make disclosures regarding the nature and extent of certain of its investments, in the following circumstances set out in MIFIDPRU 8.7.6:

- Where its holdings relate to a company whose shares have been admitted to trading on a regulated market;
- Where the proportion of voting rights that the Firm directly or indirectly holds in that company is greater than 5% of all voting rights attached to the shares issued by the company; and
- Only in respect of shares in that company to which voting rights are attached.

As Stratos UK does not have any company holdings that meet these criteria, the Firm is not required to make the disclosures required in MIFIDPRU 8.7.1.