



XTX Markets Limited

MIFIDPRU Disclosures

Year Ended 31 December 2023

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Author	Oliver Scott

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1 Introduction

1.1 Overview

1.1.1 Purpose

The Investment Firm Prudential Regulation (“IFPR”) is the prudential regime for investment firms which, by virtue of their size and interconnectedness with other financial and economic actors, are not considered to be systemic. The IFPR replaces the Capital Requirements Directive (“CRD”) IV and became effective from January 2022.

These rules are set out in the FCA Handbook under the MIFIDPRU Prudential sourcebook for MiFID Investment Firms.

Under the prudential framework, investment firms are split into 3 classes according to their size and complexity and each is subject to a specific prudential framework. XTX Markets Limited (“XTXM” or the “Company”) is categorized as a Class 2 non-small and non-interconnected (non-SNI) investment firm, hence fully in scope of the IFPR framework.

The IFPR is the framework for implementing prudential standards in the UK and consists of three components:

- Minimum own funds and liquid assets requirements that regulated entities are required to meet;
- An internal assessment (the Internal Capital Adequacy and Risk Assessment or “ICARA”) by regulated entities and their supervisors to assess whether additional own funds or liquid assets should be held against risks not already covered; and
- A requirement to improve market discipline by requiring regulated entities to disclose certain information on their risks, risk management and capital.

XTXM is subject to prudential oversight by the Financial Conduct Authority (“FCA”) and these disclosures are prepared in accordance with MIFIDPRU 8.

1.1.2 Basis of disclosures

These disclosures are made in accordance with the requirements of MIFIDPRU 8 of the IFPR. Specifically, XTXM’s risk management objectives and policies; governance arrangements; own funds and own funds requirements; remuneration policy and practices; and its investment policy.

1.1.3 Frequency of disclosures

These disclosures will be produced on an annual basis as a minimum and more frequently, if appropriate. XTXM has a reporting date of 31 December and these disclosures reflect the position at 31 December 2023.



1.1.4 Verification, media, and location

These disclosures have been produced solely for the purposes of satisfying the requirements of MIFIDPRU 8, to explain the basis of preparation, disclosure of certain own funds requirements and provide information about the management of certain risks. The disclosures are not subject to audit nor do they constitute any form of audited financial statements.

The Board is responsible for the system of internal control and for reviewing its effectiveness.

Management consider that the disclosures as set out in the document adequately convey the risk profile of the firm.

These disclosures are published on the XTXM corporate website (www.xtxmarkets.com).

1.2 Scope

1.2.1 Basis of preparation

These disclosures are made on behalf of XTXM on a solo basis.



2 Risk management objectives and policies

2.1 Risk statement

Risk appetite is the type and amount of risk that a firm is willing to accept in the pursuit of its business objectives. The company’s risk appetite is set by the Board, with input to the decision-making process received from the Risk and Compliance Group and Global Operating Committee.

The following table shows how XTXM’s attitude to risk corresponds to different levels of appetite. Each of the risks described in the subsequent sections has a stated appetite level which informs the attitude of the Company to that risk.

Risk appetite level	Corresponding approach to managing risk
Zero	Take all possible steps to avoid this risk with cost and effort not the primary considerations in so doing
Low	Use reasonable efforts to avoid this risk and accept the increased cost and effort necessary to do so
Medium	Accept that this risk is necessary in order to pursue our profit-making business activities
High	Actively pursue this risk because we believe that our expertise enables a positive outcome

The Company’s Board reviews and adjusts its risk appetite at least annually or more frequently following reports or proposals from the Risk and Compliance Group.

Having agreed the Company’s appetite for a particular risk, a set of limits for that risk are defined. These limits are monitored by the Risk and Compliance Group to ensure that the Company stays within its risk appetite.

Factors that influence the setting of XTXM’s risk appetite (and the levels of the corresponding limits) include its own funds resources, clearing arrangements, trading strategy, depth of automated trading experience and reliance on third party vendors.

A range of quantitative thresholds for all risks have been set having had reference to own funds. All risks were within appetite as at 31 December 2023.

2.2 Risks faced by XTXM and risk profile

The risks faced by the Company are business, counterparty credit, interest rate, liquidity, market and operational.

In terms of XTXM's risk profile, the Board considers that operational is the most material risk facing the business. Liquidity risk and business risk (owing to the current business growth objective set by the Board) are also considered to be material risks. The Board acknowledges that market risk requires close and detailed monitoring given the Company's susceptibility to losses arising from adverse market movements. However, due to the robust suite of position and order limits and complementary pre and post trade controls, as well as the position limits and holding periods of traded instruments, the Board considers the likelihood of a material loss arising from adverse market movements to be low. Market risk is therefore considered to be less significant than operational, liquidity and business risks. Counterparty credit and interest rate risks are considered to be the least material risks that the Company is exposed to.

2.3 Risk management strategies and processes

XTXM manages its risks using an overarching Risk Management Policy that is supported by related risk policies and standards that cover specific risks. These risk policies and standards contain detailed risk guidance and requirements for XTXM staff and take the following forms:

1. Policies specific to an individual risk-type or business activity;
2. Desk procedures owned by the department heads.

In terms of risk management objectives, strategies, and processes for each separate category of risk, these can be summarised as follows:

2.3.1 Business risk

Business risk is defined as the current or prospective risk to earnings and capital arising from changes in the business environment, from adverse business decisions or from improper implementation of business decisions.

XTXM is specifically exposed to business risk in the following ways:

1. Changes to the Company's business environment such as altered market dynamics, falling volatility levels, changes to fees and margin requirements, entry of new competitors and adverse tax and regulatory changes.
2. Consequences of adverse business decisions such as excessive rates of change or inaccurate profitability forecasting causing expansion to non-profitable markets.
3. Poor execution of strategic decisions caused by inadequate communication of the Company's strategy to the relevant staff or failure to track the progress of strategy implementation initiatives.

XTXM manages business risk via an annual business strategy process that receives input from all departments within the Company and is subject to formal Board approval. The Finance team perform regular re-forecasts that reflect the latest views from the Board on expected performance as well as the impact of any changes made by the Board to the business strategy. Implementation of agreed strategic initiatives are prioritised, communicated and formally tracked at the Global Operating Committee and Business Development pipeline meetings.

2.3.2 Counterparty credit risk

Counterparty credit risk is defined as the risk of loss caused by the default of a counterparty to a transaction, before the final settlement of the transaction's cash flows. Given the nature of trading XTXM has low counterparty credit risk with no exposure to long settlement transactions and the risk is therefore limited to financial derivatives exposures to financial institutions.

Due diligence is performed on all new and existing counterparty relationships and there are legal protections in place against prime broker failure that ensure the smooth close-out of remaining trades. XTXM ensures that netting arrangements exist as far as possible across all of its trading relationships.

XTXM's post-trade controls include the continuous assessment and monitoring of all positions at prime brokers. The financial health of the Company's prime brokers and banks is monitored through CDS spreads, share prices and other publicly available metrics.

2.3.3 Credit concentration risk

Credit concentration risk is defined as the susceptibility and impact of credit losses being exacerbated by concentration in the portfolio of assets subject to credit risk.

Credit concentration risk arises within XTXM primarily on a single name and sector basis. The Board seeks to minimise single name concentration where possible by including thresholds for maximum exposures to counterparties and has diversified its trading activities where possible.

XTXM manages its counterparty credit risk via back-up arrangements for prime broker relationships and activity being split between multiple prime brokers to reduce concentration risk, with segregated accounts being used wherever possible. Additionally, XTXM actively manages its cash holdings between its prime brokers and core bank accounts to minimise exposures to any one institution. Where Non-Tier 1 institutions are used a formal process for performing due diligence and approval is in place, with final approval for use being given by the Capital and Liquidity Group.

2.3.4 Interest rate risk

Interest rate risk is defined as the risk that there are potential adverse movements in interest rates impacting the non-trading book and the effect that these may have on planned future cash flows.

XTXM does not have any debt and is therefore only exposed to a rate reduction negatively impacting interest receivable on cash balances. XTXM monitors its exposure to this risk via performing regular stress tests using a 2% shock to interest rates.

2.3.5 Liquidity risk

Liquidity risk is defined as the risk that XTXM is unable to meet its financial operating obligations as they fall due.

The Company defines its liquidity risk appetite to ensure that it has sufficient liquid resources to satisfy business needs and financial obligations on a daily basis, as well as during periods of moderate and severe stress, within the pursuit of strategic goals and revenue targets. Liquidity risk is managed exposure by



defining appropriate limits on material risk drivers as well as setting buffers above the Liquid Asset Threshold Requirement (“LATR”) as set by the FCA. Where a limit or early warning trigger breach arises, it must be reported promptly to the executive managers and corrective measures taken. Any limit breach that requires invocation of the Contingency Funding Plan should be reported to the Board. Otherwise, any breaches should be reported promptly to the Capital and Liquidity Group and the ExCo.

XTXM manages its liquidity risk on the premise of supporting normal trading volumes during and after a stress event rather than just remaining solvent. The Company aims to match its liquidity exposures with cash at bank and free cash at prime brokers. XTXM has no funding from deposits (retail or corporate) and therefore has none of the associated risks with this type of deposit. Relative to XTXM’s balance sheet size, both intra-day and intra-group liquidity risk are modest. Similarly, it is exposed to minimal cross currency and off balance-sheet risk.

XTXM has defined quantitative liquidity risk appetite levels that support its appetite to be able to trade throughout both business-as-usual and stressed conditions.

XTXM’s liquidity risk limits are defined by ensuring that it can continue operating with liquid resources sufficient to satisfy the following:

- Base liquidity requirement;
- Liquid Asset Threshold Requirement
- Balance sheet liabilities regardless of timing; and
- A margin requirement increases across all brokers

The liquidity position of the Company is monitored via several reports generated on both a real time and retrospective basis.

2.3.6 Market risk

Market risk is defined as the risk of loss caused by an adverse move in the value of assets and liabilities.

Risks arising from interactions with the markets are out of XTXM’s direct control and could cause significant financial, reputational, and regulatory exposures. However, the Company has taken active measures to minimise these impacts wherever possible via robust pre and post trade controls and prudent risk limits.

The models’ trading activity, and their adherence to the limits within which they trade are continuously monitored by a dedicated team within the front office, and also independently by the operations and risk teams.

2.3.7 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (including vendor risks).

XTXM manages operational risk via internal controls that are embedded in the day-to-day business processes and are designed to ensure that the Company’s activities are efficient and effective, information is reliable, timely and complete and that the Company remains compliant with applicable laws and regulations.

The following techniques are used to identify, manage, and report on the Company’s operational risks:

- Risk and control self-assessment;
- Operational risk scenarios and modelling;
- Key risk and control indicators;
- Risk event reporting;
- Risk event reviews; and
- A business continuity task force.

2.3.8 Regulatory risk

Regulatory risk is the risk that either a change in, or breach of, laws and regulations will negatively impact XTXM through restriction of business activities or regulatory censure (most commonly fines).

XTXM manages these risks via constant review of the regulatory horizon for upcoming new regulation or changes to existing regulation that may impact the Company. Compliance with existing regulations is monitored via the Compliance Monitoring Plan and by ad hoc reviews by external consultants, as well as by maintaining a collaborative relationship with regulatory bodies, where possible.

The Board accepts that the Company's culture is a key method for ensuring regulatory risk is minimised and therefore guides the executive managers to set a clear tone as to the levels of professional conduct expected from all employees.

2.4 Assessment of risk management arrangements

The Board considers that the risk management arrangements of the Company and the risk management systems embedded within the business are adequate with regard to the Company's risk profile and strategic objectives.

2.5 Information flows on risk to the Board

The Board receives quarterly written updates from all committees and working groups on key risk and own funds metrics. These are presented by the committee or working group chair and contain information on key risk indicator status against appetite, operational risk events and own funds adequacy compared to appetite.

Each committee or working group operates under approved terms of reference that stipulate the flows of information to the Board that includes both form and timing of information flows.

The Board also reviews and approves the UK Group ICARA on an annual basis which outlines risk management policies for the UK Group and apportions own funds and liquid assets requirements to the UK subsidiaries individually.

3 Governance

3.1 XTXM's governance framework

XTXM has a well-defined risk framework supported by appropriate risk governance and oversight arrangements. These arrangements provide clear lines of responsibility, aligned to processes for identifying, managing, monitoring, and reporting the risks to which XTXM is, or might be, exposed.

Strong risk governance ensures that those who take risks on behalf of the firm:

- Have a clear understanding of the risk parameters within which to operate;
- Have their actions independently overseen by non-risk-taking staff.

The key objective of XTXM's risk governance and oversight is to protect the firm's long-term viability and its ability to produce a sustainable revenue stream.

XTXM operates a three lines of defence model, with the first line consisting of business units, the second line consisting of the risk and compliance functions and the third line consisting of internal and external audit. Currently XTXM does not have an in-house internal audit functions however instead works closely with advisors who perform thematic reviews covering all areas of the business upon instruction of the Audit Committee.

3.1.1 Committees and groups

XTXM's corporate governance arrangements are based on a structure which distinguishes between committees and individuals with delegated authority, and therefore decision-making authority (the "Decision Makers"), and advisory groups that act in an advisory capacity to the Decision Makers (the "Advisory Groups"). The governance framework generally applies on a wider XTX level.

Ultimate decision-making power and responsibility for XTXM derives from the board of directors (the "Board") of XTXM, which is responsible for the regulatory obligations for XTXM and must discharge its duties in respect of its management capacity and its supervisory capacity. In addition, there are information sharing groups which are not Decision Makers, but which are designed to provide an appropriate and efficient forum in which to discuss key developments, risks, and strategy among members of management.

Board of directors

XTXM's Board is comprised of three executive directors, a non-executive director ("NED") who acts as Chairman, and two additional NEDs, both with a background in finance and accounting. The Board has overall responsibility for maintaining a system of internal controls to ensure that an effective risk management and oversight process is operated in respect of both regulated entities. The role of the Board is to:

- ensure that XTXM delivers its business strategy and discharges its legal and regulatory requirements;
- allocate and manage resources in line with agreed-upon risk parameters;
- communicate XTXM's purpose, priorities and vision to staff and other key internal and external stakeholders;
- monitor and improve performance and accountability; and
- protect and enhance XTXM's reputation for professional efficiency and effectiveness and ensure the promotion of fair market practices and market efficiency.



Directors of XTXM are selected based on the basis of their ability to run and oversee the business, taking into account their knowledge, skills and experience to be able to understand XTXM's activities and risks. XTXM is an equal opportunities employer and members of its Board are selected without regard to gender, race, sex, sexual orientation, age, disability, religion or belief, pregnancy or maternity, marital status, origin or citizenship.

The table below sets out the members of the Board of XTXM together with details of whether each member is part of the Board acting in its management function and/or in its supervisory function and the number of directorships held:

Name of individual...	...is a member of the Board in its management function and/or...	...is a member of the Board in its supervisory function	Number of additional directorships held outside the XTX group
Zar Amrolia (NED - Chair of the Board)	X	✓	0
Hans Buehler (Co-CEO)	✓	✓	0
Alexander Gerko (Co-CEO)	✓	✓	0
Serge Harry (NED)	X	✓	2
David Ireland (CFO)	✓	✓	0
Duncan Paterson (NED)	X	✓	0

Board-appointed Risk Committee

XTXM is required to establish a risk committee as it is a non-SNI MIFIDPRU investment firm with on and off balance sheet assets exceeding the thresholds set in MIFIDPRU 7.1.4. The Board-appointed Risk Committee is responsible for:

- providing advice to the Board on risk strategy, including the oversight of current risk exposures of the firm, with particular, but not exclusive, emphasis on prudential risks;
- developing proposals for consideration by the Board in respect of overall risk appetite and tolerance, as well as the metrics to be used to monitor the firm's risk management performance;
- advising the Board on oversight of outsources services received, in particular inter-group outsourced services provided by one or more XTX Group entity;
- overseeing and challenging the design and execution of stress and scenario testing;
- overseeing and challenging the day-to-day risk management and the executive's oversight arrangements;
- overseeing and challenging due diligence on risk issues relating to material transactions and strategic proposals that are subject to approval by the Board;
- review and challenge of the ICARA process;
- overseeing and challenging the design and execution of XTX's Outsourcing policy and controls;
- overseeing and challenging executive managers' supervision of outsourced services, including intragroup outsourcings;

- review and challenge of reporting, including relevant management information and Service Level Indicators detailing the performance of service companies in respect of each of the services provided to XTXM;
- evaluate potential conflicts that may arise due to the provision of services by XTX Technologies Limited to XTXM;
- providing advice to the XTX UK remuneration committee and board, as appropriate, in relation to the development, implementation and review of remuneration policies and practices that are consistent with, and promote, effective risk management and review whether incentives provided by the remuneration process take into consideration risk, own funds, liquidity and the likelihood and timing of earnings.
- providing advice, oversight and challenge necessary to embed and maintain a supportive risk culture throughout XTXM on risk categories which include but are not limited to: prudential, operational, market, counterparty, financial, regulatory, legal, technology, cyber security, GDPR, conduct rules, reputation, inter-group outsourcing, etc.

3.1.2 Segregation of duties

XTXM maintains a clear separation of tasks, responsibilities and Co-CEO reporting lines between the trading functions and the support functions such as Finance, Operations, Risk and Compliance, to ensure that:

- those who take risks on behalf of the firm have their actions independently overseen by non-risk-taking staff;
- unauthorised trading activity cannot be concealed;
- limits are independently approved before being enacted;
- the firm's financial assets are appropriately protected with risk-based authorisation levels required for cash transfers;
- appropriate investments are made in risk-mitigating infrastructure and processes through the weight given to the views of senior non-trading staff.

In addition to the separate Co-CEO reporting lines, and to provide an appropriate balance of influence between trading staff and support staff, XTXM is committed to ensuring that its risk, compliance, and operations oversight staff have:

- sufficient knowledge of automated trading;
- sufficient skills to follow up on information provided by system alerts;
- sufficient authority to challenge staff responsible for automated trading where such trading gives rise to disorderly trading conditions or suspicions of market abuse.

4 Own funds resources and requirements

4.1 Own funds resources

XTXM has a simple own funds structure with own funds consisting solely of Common Equity Tier 1 (“CET1”) capital. CET1 capital is the highest-ranking form of own funds and comprises ordinary share capital, share premium, retained profits and other reserves. Total XTXM own funds amounted to £117.8m at 31 December 2023, all of which was CET1 capital.

At 31 December 2023 and throughout the year, XTXM complied with the minimum own funds requirements as set out by the FCA.

Composition of regulatory own funds

	Item	Amount (£ 000's)	Source*
1	OWN FUNDS	117,836	
2	TIER 1 CAPITAL	117,836	
3	COMMON EQUITY TIER 1 CAPITAL	117,836	
4	Share capital	69,770	1 Share capital
5	Share premium	0	
6	Retained earnings	48,250	2 Retained earnings
7	Accumulated other comprehensive income	0	
8	Other reserves	0	
9	Adjustments to CET1 due to prudential filters	-184	
10	Other funds	0	
11	(-) TOTAL DEDCTIONS FROM COMMON EQUITY TIER 1	0	
19	CET1: Other capital elements, deductions and adjustments	0	
20	ADDITIONAL TIER 1 CAPITAL	0	
21	Fully paid up, directly issued capital instruments	0	
22	Share premium	0	
23	(-) TOTAL DEDCTIONS FROM ADDITIONAL TIER 1	0	
24	Additional Tier 1: Other capital elements, deductions and adjustments	0	
25	TIER 2 CAPITAL	0	
26	Fully paid up, directly issued capital instruments	0	
27	Share premium	0	
28	(-) TOTAL DEDCTIONS FROM TIER 2	0	
29	Tier 2: Other capital elements, deductions and adjustments	0	

*Source based on balance sheet in the audited financial statements

Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Balance Sheet as in audited financial statements	Cross reference to regulatory own funds template
Assets	in £ 000's at 31-12-2023	
1 Property, plant and equipment	8,007	
2 Intangible assets	-	
3 Deferred tax asset	2,863	
4 Trade and other receivables	4,218	
5 Right-of-use assets	6,548	
6 Cash and cash equivalents	14,893	
7 Financial assets at fair value through profit or loss	6,902	
8 Trade and other receivables	132,605	
9 Current asset investments held at amortised cost	-	
Total Assets	176,178	
Liabilities	in £ 000's at 31-12-2023	
1 Financial liabilities at fair value through profit or loss	284	
2 Trade and other payables	49,452	
3 Current lease liabilities	1,894	
4 Non-current lease liabilities	6,528	
Total Liabilities	58,158	
Shareholders' Equity	in £ 000's at 31-12-2023	
1 Share capital	69,770	4 Fully paid up capital instruments
2 Retained earnings	48,250	6 Share premium
Total Shareholders' Equity	118,020	

Main features of own instruments issued by the firm

	(a)
	CET 1
1 Issuer	XTX MARKETS LIMITED
2 Public or private placement	Private
3 Governing law(s) of the instrument	England
4 Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
5 Amount recognised in regulatory capital (GBP 000's, as of most recent reporting date)	69,770
6 Nominal amount of instrument	£1
7 Issue price	£1
8 Accounting classification	Shareholders' equity
9 Original date of issuance	30th January 2015
10 Perpetual or dated	Perpetual

4.2 Own funds requirements

XTXM is required to calculate its base own funds requirements as the highest of the following as of 31 December 2023:

- Permanent minimum requirement (£750k);
- Fixed overhead requirement (£13.2m); and
- K-Factor requirement (£9.5m).

	£ 000's
Permanent minimum requirement	750
Fixed overhead requirement	13,181
K-Factor requirement	9,464
K-AUM, K-CMH and K-ASA	0
K-COH and K-DTF	739
K-NPR, K-CMG, K-TCD and K-CON	8,725
Total base own funds requirement	13,181

Through the annual ICARA process XTXM assesses any additional own funds requirements to cover risks not adequately capitalised by the base own funds' requirement. This includes an assessment of:

- Market risk
- Operational risk
- Credit risk
- Counterparty risk
- Concentration risk
- Interest rate risk

As part of the ICARA, XTXM performs a series of stress tests and wind down plans to ensure that the firm is able to remain capitalised throughout the economic cycle and will have sufficient own funds to execute an orderly wind down in the event of the firm's failure.



5 Remuneration policy disclosures

5.1 Qualitative disclosures

5.1.1 Remuneration Policy

XTXM has a Group Remuneration Policy, responsibility for which falls under the Board of XTX Holdings Limited, which applies to all employees or contractors of the group. Where an employee or contractor has been identified as a “material risk taker” (or MRT) additional considerations may apply. All decisions in respect of remuneration (fixed and variable) are made in accordance with the Group Remuneration Policy.

5.1.2 Identification of MRTs

XTX Markets Holdings (UK) Limited, XTX Markets Trading Limited (“XTXMT”) and XTXM, maintains a designated list of “material risk takers” in accordance with SYSC 19G.5.R. Each individual has been designated as a material risk taker (MRT) in application of the MIFIDPRU Remuneration Code under the IFPR as set out in SYSC 19G.5R.

An individual may be designated as an MRT under more than one category. XTX tracks each category for which an individual falls into an MRT category.

Due to XTXM and XTXMT being part of an investment firm group formed of each of these entities and their parent, XTX Markets Holdings (UK) Limited, the MRT identification criteria must be applied on a consolidated basis. This means that XTX Markets Holdings UK Limited, as the consolidated parent, must identify as consolidated MRTs:

- all staff members whose professional activities have a material impact on the risk profile of this investment firm group (i.e. by treating the entities within this group as if they together formed a single MIFIDPRU investment firm); and
- all staff members of an undertaking in the investment firm group whose professional activities have a material impact on:
 - the risk profile of another undertaking within the investment firm group to whom the MIFIDPRU Remuneration Code applies on an individual basis (e.g. XTXM and XTXMT); or
 - the risk profile of any assets managed by XTXM and/or XTXMT

5.1.3 Decisions on remuneration

The XTX Remuneration Committee, made up of members of the Board of XTX, considers and approves remuneration decisions in respect of those staff regarding whom the Board considers that the Board should take decisions on remuneration, including overseeing the remuneration of senior officers in Control Functions within the consolidation group. It oversees the application of XTX’s remuneration policy at the UK Group level and is responsible for reviewing the policy and affirming that the remuneration of MRTs has been applied in a manner consistent with the IFPR.

XTX will take into account the following factors when making decisions in respect of remuneration: (1) in respect of total available remuneration, financial performance of the group, adjustments to take into account current or future risks, the cost and quality of own funds and liquidity requirements; and (2) in respect of

decisions on individual remuneration, individual performance, which includes a consideration of both financial and non-financial and, particularly, the individual's management of risk.

5.1.4 Approach to remuneration

XTX's success is dependent upon the people who work for it. Accordingly, the Remuneration Policy is designed to ensure that XTX can attract talented individuals across all areas of the group's functions and to avoid the operational risks associated with high staff turnover by retaining these individuals.

The remuneration package that XTX staff receive is benchmarked to market levels of pay and then adjusted to reflect the individual's performance at XTX and contribution to the group's businesses.

XTXM staff remuneration is made up of fixed pay and variable performance-related pay based on the previous financial year's performance only. Variable pay reflects firstly, the group's financial performance and, secondly, individual performance and may be a combination of cash and share-based rewards depending on the individual employee's role and total rewards. The Remuneration Committee will consider the following additional factors: the individual's level of seniority and experience, whether the individual performs a control function, whether the individual is an MRT and competitive market data for similar roles. Variable remuneration awarded to MRTs will be deferred in the following proportions, with this deferred variable remuneration vesting, at the fastest, on an annual pro rata basis over at least three years:

- MRT awarded variable remuneration of less than £500,000 in a given performance year: 50% of the MRT's variable remuneration will be deferred and all of this deferred amount will be awarded in shares; and
- MRT awarded variable remuneration of £500,000 or more in a given performance year: 60% of the MRT's variable remuneration will be deferred and all of this deferred amount will be awarded in shares.

XTX may make in-year adjustments to remuneration up to the point of the award and adjustments can be applied to all forms of variable remuneration. Further, XTX can apply malus to any variable remuneration held in deferral, and may apply clawback to the vested part of an award of variable remuneration, for up to 6 months from the date of payment of the award.

Decisions on fixed remuneration (for new joiners and in annual reviews) are made by line managers subject to the approval of relevant members of the Remuneration Committee. Any variable remuneration an individual may receive is linked to that individual's performance (adjusted in accordance with the other provisions of the Remuneration Policy). By performance, XTXM will consider the individual's financial and non-financial performance (including the individual's risk management, their compliance with the group's policies and procedures and the regulatory requirements that XTX is subject to). Non-financial considerations can override financial criteria where appropriate.

In addition to individual performance, individual payments will be adjusted to take into account the performance of their business unit and the entire group (with much of this adjustment taking place in the process of designating the total amount of variable remuneration available for distribution). XTXM ensures that fixed and variable components of remuneration are appropriately balanced and ensures that fixed pay is set at a level sufficient to allow for a flexible policy on variable pay (including the possibility of paying none).

XTX may award guaranteed variable remuneration (such as sign-on bonuses or a first-year guaranteed bonus). Such guaranteed variable remuneration will not be paid as a matter of course, will only be paid when hiring new staff and limited to their first year of employment, and only where the group has a strong capital base and where its financial stability would not be impacted by such a payment.

Severance pay may be awarded at the termination of a contract, except for a payment related to the duration of a notice period. All severance payments comply with applicable legal and regulatory requirements, are approved by a member of the Remuneration Group, and do not reward failure or misconduct. Severance payments are treated as variable remuneration and are subject to all relevant parts of this Remuneration Policy.

5.2 Quantitative disclosure

Total amount awarded to all staff in 2023 (£000's)	# of staff	Fixed	Variable	Total
Senior managers		3,717	3,450	7,167
Other MRTs		6,020	26,890	32,910
Other staff		0	0	0
Total	23	9,737	30,340	40,077

Amount and form of variable remuneration in 2023 (£000's)	Non-deferred	Deferred	Total
Total	12,263	18,077	30,340

Outstanding MRT deferred remuneration in 2023 (£000's)	Non-deferred	Deferred
Vesting in 2024	12,263	28,648
Vesting later	0	47,582
Total	12,263	76,230

No severance pay was awarded to any MRTs in 2023. No MRTs were awarded guaranteed variable pay in 2023.

No disclosure is made on the split of variable pay in cash and share rewards as this would lead to the disclosure of information about one person, in accordance with MIFIDPRU 8.6.8(7).

6 Investment policy

6.1 Voting rights

XTXM did not hold, directly or indirectly, more than 5% of voting rights of any shares at any point in 2023.