

Millennium Global Treasury Services Limited

(“MGTS”)

MIFIDPRU 8 Disclosure December 2023



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Introduction

MIFIDPRU 8

The Financial Conduct Authority (“FCA” or “regulator”) in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“MIFIDPRU”) sets out the detailed prudential requirements that apply to Millennium Global Treasury Services Limited (“MGTS” or the “Firm”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

MGTS is classified under MIFIDPRU as a non-small and non-interconnected MIFIDPRU investment firm (“Non-SNI MIFIDPRU Investment Firm”). As such, the Firm is required by MIFIDPRU 8 to disclose information on the following areas:

- Risk management objectives and policies;
- Governance arrangements;
- Own funds;
- Own funds requirements; and
- Remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm’s culture. Data on the Firm’s own funds and own funds requirements allows potential investors to assess the Firm’s financial strength.

This document has been prepared by MGTS in accordance with the requirements of MIFIDPRU 8 and is verified by the Board. Unless otherwise stated, all figures are as at the Firm’s 31 December 2023 financial year-end.

Strategy and product/services

Millennium Global Treasury Services Limited (trading as “MillTechFX”) delivers competitive foreign exchange (“FX”) market access via a multi-bank platform to provide FX execution and hedging services to asset managers, institutions and corporates. MillTechFX acts as agent under its Agency ISDA and FXI (FX Intermediary) onboarding routes for OTC FX spot, forwards, and non-deliverable forwards, and additionally acts on a matched principal basis for FX spot only.

The business of the Firm is considered to be scalable, in the UK and internationally. If the Firm experiences growth in numbers of clients or volumes of transactions, this would be controlled against a background of robust operational procedures, leading edge systems and extensive FX experience of colleagues.

Risk Management Objectives and Policies

This section describes MGTS’s risk management objectives and policies for the categories of risk addressed by the requirements of the Firm in the following areas:

- Own funds.
- Concentration risk.
- Liquidity.

Own Funds

MGTS is required to maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is described in detail in the 'Own Funds' section below. The potential for harm associated with MGTS's business strategy, based on the Firm's own funds requirement, is low. This is due to the institutional nature of the Firm's clients, and to the service the Firm provides being at the instigation of its clients who assume the financial risk for foreign currency transactions.

Concentration Risk

The Firm has been appointed by a large number of clients, which provides for a diverse stream of revenue, geographies and FX activities. The Firm's products are available in three key jurisdictions being UK, EU & Americas.

Liquidity

The Firm maintains sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due and ensures that it has appropriate (liquid) resources in the event that revenues earned fall below anticipated levels. The cash position of the Firm is monitored on a regular basis.

MGTS is also required to comply with overall financial adequacy rule ("OFAR"). This is an obligation on MGTS to hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- The Firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- The Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Governance Arrangements

Overview

MGTS believes that effective governance arrangements help the Firm to achieve its strategic objectives while also ensuring that the risks to the Firm, its stakeholders, and the wider market are identified, managed and mitigated.

The Board has overall responsibility for MGTS and is therefore responsible for defining and overseeing the governance arrangements at the Firm. In order to fulfil its responsibilities, the Board meets on a regular basis.

The Board approves and oversees the implementation of the Firm's strategic objectives and risk appetite, ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls, ensures compliance with the requirements of the regulatory system, assesses the adequacy of policies relating to the provision of services to clients, and provides oversight of the Firm's senior management.

Risk Management Structure

The Head of Risk has overall responsibility for the risk management framework, risk controls as well as other related risk issues within the firm, including the activities associated with the digital assets. Head of Risk is responsible for establishing the risk management framework, performing the overall risk assessment, regularly review the risk controls and risk mitigation strategies to ensure relevant risks are properly identified and the residual risks are within the firm's risk tolerance levels.

The identified risks as well as risk controls will be documented and tracked in the firm’s risk register, which will be reviewed at the firm’s monthly risk committee meeting.

MGTS has established a Risk Committee which is held monthly, chaired by Head of Risk and attended by senior management and head of departments. The purpose of the risk committee is to identify new risks as well as review the risk controls and risk mitigation strategies on existing risks to ensure the residual risks are within the firm’s risk appetite. Members of the risk committee have the appropriate knowledge, skills and expertise to fully understand, manage and monitor the risk strategy and risk appetite of the Firm.

The Management Body

MGTS’s management body is the Board. The table below provides the number of non-executive directorships held by each member of the management body (excluding Directorships held within the same group as the Firm and in organisations which do not pursue predominantly commercial objectives).

Board member	MGTS role	Number NED roles
Michael Huttman	Chairman	
Eric Huttman	CEO	
Kathleen Maria Gibson-Stark	Board member	
Bruno Delacave	CFO	
Gal Hochberg	Non-Executive Director	1
Lisa Scott-Smith	Non-Executive Director	2

Michael Huttman, Chairman, founded Millennium Global in 1994, the London-based specialist currency manager. Prior to Millennium Global, Michael helped set up Goldman Sachs Asset Management outside of the US after joining from JP Morgan where he managed international bond portfolios and was the first head of their currency overlay business.

Eric Huttman is founder and CEO of MillTechFX. Prior to establishing MillTechFX, Eric managed currency portfolios for over 5 years, most recently as a Portfolio Manager at Millennium Global overseeing discretionary active mandates including execution. Prior to joining Millennium Global in 2016, he was an FX Options trader at HSBC in Hong Kong. Eric is a member of YPO (Young Presidents' Organisation), holds a BSc in Finance and Economics from Boston College and holds a Certificate in Macroeconomic Accounts and Analysis from the International Monetary Fund, Washington.

Maria Gibson-Stark is CEO and head of Legal and Compliance for Millennium Global. She has over 20 years’ experience in dealing with regulators around the world and is a leading international specialist in institutional oversight and monitoring of managed and execution currency businesses. Her expertise ensures the Firm sets the highest legal and compliance standards for clients.

Bruno Delacave is Chief Financial Officer. Prior to joining MillTechFX, Bruno was CFO and Director of Oxford Economics. He began his career with Ernst & Young, focusing on M&A in London, Geneva & New York. He was CFO of the BT & Sky joint venture to launch interactive digital TV in the UK, before being appointed as CFO of NewMedia SPARK, an AIM-listed venture capital company. Bruno is a Chartered Accountant registered with the ICAEW.

Gal Hochberg, Non-executive director, has over fifteen years of experience building and leading software companies in the areas of cyber security, artificial intelligence and blockchain. He is the Group CTO of Team8, a venture group that invests in and creates companies in enterprise technologies, Cyber Security, AI and Financial Technologies. He formerly co-founded Clear, a company automating settlement between the world's largest telecommunication companies, and HiredScore, an AI HR company used by Fortune 500 companies. Gal has led cyber security advisory engagements with multinational corporations and served as a decorated officer in the Israeli Intelligence Corp and has worked on ground-breaking projects in cyber-security, including two projects which were awarded the Israeli Defence Prize.

Lisa Scott-Smith, Non-executive director, has 30 years global markets' experience. The first half of her career was spent at JP Morgan and Credit Suisse specialising in institutional foreign exchange and derivative sales. In 2005, Lisa moved to investment management, joining the Millennium Global Investments foreign exchange portfolio management team and her responsibilities expanded to encompass the management of the discretionary currency business. Lisa's depth of experience includes product and business development, research, portfolio construction, governance and both financial and non-financial risk management. From 2013, Lisa was invited by the Bank of England to represent the buy-side on their foreign exchange joint standing committee (FXJSC) and to chair a newly reconstituted buy-side sub-group. She also represented the UK buy-side community on the development of the FX Global Code of Conduct which was published in 2017 to promote good practice in the global foreign exchange market. Lisa has been a member of the 100 Women in Finance organisation, which seeks to empower women working in the finance industry to achieve their professional potential at every career stage.

Diversity of the Management Body

The Board comprises four men and two women, selected either for their roles within the Firm or for the skills and experience they bring the Firm.

Risk Committee

Although not required by MIFIDPRU, MGTS has established an independent risk committee. The purpose of the risk committee is to advise the Board on the Firm's overall current and future risk appetite and strategy and assist the Firm's Board in overseeing the implementation of that strategy by senior management. Members of the risk committee have the appropriate knowledge, skills, and expertise to fully understand, manage and monitor the risk strategy and risk appetite of the Firm.

Own Funds

As at 31 December 2023, MGTS maintained own funds of £2,739,000. The following regulator-prescribed tables provide a breakdown of the Firm's own funds:

Composition of Regulatory Own Funds as at 31 December 2023			
Item	Detail	Amount £'000	Source Based on Reference Numbers/Letters of the Balance Sheet in the Audited Financial Statements
1	Own funds	£ 2,739	
2	Tier 1 capital	£ -	
3	Common equity Tier 1 capital	£ 2,739	
4	Fully paid-up capital instruments	£ 26,497	G
5	Share premium	-	
6	Retained earnings/(losses)	-£ 17,087	H
7	Accumulated other comprehensive income	£ -	
8	Other reserves	-£ 845	I
9	Accumulated other comprehensive income	£ -	
10	Accumulated other comprehensive expenses	£ -	
11	Total deductions from common equity Tier 1	£ -	
19	CET1: other capital elements, deductions & adjustments	-£ 5,826	A, C
20	Additional Tier 1 capital	£ -	
21	Fully paid-up, directly issued capital instruments	£ -	
22	Share premium	£ -	
23	Total deductions from additional Tier 1	£ -	
24	Additional Tier 1: other capital elements, deductions & adjustments	£ -	
25	Tier 2 capital	£ -	
26	Fully paid-up , directly issued capital instruments	£ -	
27	Share premium	£ -	
28	Total deductions from Tier 2	£ -	
29	Tier 2: other capital elements, deductions and adjustments	£ -	

Audited balance sheet as at 31 December 2023			
Item	Detail	GBP'000	Cross-reference to above template
A	Software	£ 2,882,390	19
B	Other fixes assets	£ 43,169	
C	Investments	£ 2,943,916	19
D	Debtors	£ 3,464,540	
E	Cash at bank	£ 1,279,663	
	Total assets	£ 10,613,678	
F	Creditors	£ 2,047,623	
	Total liabilities	£ 2,047,623	
G	Share capital	£ 26,497,446	4
H	Retained earnings/(losses)	-£ 17,086,467	6
I	Other reserves	-£ 844,924	8
	Total shareholders' equity	£ 8,566,055	
	Total equity and liabilities	£ 10,613,678	

Own Funds Requirements

MGTS is required to maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the higher of the Firm's:

- **Permanent minimum capital requirement ("PMR"):** The level of own funds required to operate at all times. Based on the MiFID investment services and activities that the Firm currently has permission to undertake this is set at £750,000;
- **Fixed overhead requirement ("FOR"):** The minimum amount of capital that MGTS would need to have to absorb losses if the Firm has cause to wind down exit the market. This is equal to one quarter of the Firm's relevant expenditure; and
- **K-factor requirement ("KFR"):** The KFR is intended to calculate a minimum amount of capital that MGTS would need for the ongoing operation of its business. The K-factors that apply to the Firm's business are K-DTF (calculated on the basis of the daily trading flows handled by the Firm) and K-COH (calculated on the basis of the client orders handled by the Firm).

MGTS's own funds requirement is currently set by its FOR, as this is the highest of the three metrics, in-line with OFAR requirements. The potential for harm associated with MGTS's business strategy, based on the Firm's own funds requirement, is low. This is due to the relatively consistent and stable growth in the Firm's revenues and asset base, and the low risk profile associated with the activities of the Firm. Additionally, the Firm takes no position risk, acting instead as agent for customers.

The Firm manages the risk of breach of the Firm's own funds requirement by the maintenance of a healthy own funds surplus (as compared to the own funds requirement) which benefits from regular monitoring. In the event that the Firm's own funds drop to an amount equal to 110% of the Firm's own funds threshold requirement, the Firm will immediately notify its Board, as well as the regulator. The Board will consider the necessary steps required in order to increase the own funds buffer; this may include injecting more own funds into the Firm.

MGTS is required to at all times maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the minimum requirement of capital the Firm is required to hold, taken as the higher of the PMR and FOR.

The table below illustrates the core components of MGTS's own funds requirements:

Requirement	£'000
(A) Permanent Minimum Capital Requirement ("PMR")	750
(B) Fixed Overhead Requirement ("FOR")	2,141
(C) K-Factor Requirements ("KFR")	18
- K-DTF – Risk arising from daily trading flows of orders	3
- K-COH – Risk arising from order execution and reception and transmission of orders	2
(D) Own Funds Requirement (Max. [A, B, C])	2,141

Where MGTS determines that the FOR is insufficient to mitigate the risk of a disorderly wind-down, the Firm must maintain 'additional own funds required for winding down', above the FOR, that are deemed necessary to mitigate the risks of a disorderly wind-down. Similarly, where the Firm determines that the KFR is insufficient to mitigate the risk of harm from ongoing operations, the Firm must maintain an amount of 'own funds required for ongoing operations', above the KFR, that is deemed sufficient to ensure the viability of the Firm throughout economic cycles.

Remuneration Policy and Practices

Overview

As a Non-SNI MIFIDPRU Investment Firm, MGTS is subject to the basic and standard requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook ("SYSC")). The purpose of the remuneration requirements is to:

- Promote effective risk management in the long-term interests of the Firm and its clients;
- Ensure alignment between risk and individual reward;
- Support positive behaviours and healthy firm cultures; and
- Discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of MGTS's remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, MGTS recognises that remuneration is a key component in how the Firm attracts, motivates, and retains quality staff and sustains consistently high levels of performance, productivity, and results. As such, the Firm's remuneration philosophy is also grounded in the belief that its people are the most important asset and provide its greatest competitive advantage.

MGTS is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through

the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude, and results.

Characteristics of the Firm's Remuneration Policy and Practices

Remuneration at MGTS comprises salary, benefits, bonus and equity. Salaries are assessed relative to market and the role's contribution to the Firm. Benefits comprise of a range of support and other incentives seen to be attractive to employees and affordable for the Firm. Bonuses are discretionary, measured on the basis of Firm outcomes, individual performance and financial resources. Equity is awarded to employees to reward their contribution and align their contribution to the Firm's results with the fiduciary responsibility the Firm has to its investors.

The Firm's Remuneration Committee works closely with the Executive Management to determine changes to remuneration policies and to make remuneration recommendations for the Board's approval. MGTS's Board ensure that the remuneration components are appropriately balanced and that the discretionary elements are carefully assessed and fairly allocated.

Governance and Oversight

The Board has appointed a Remuneration Committee to assist it in discharging its duties for setting and overseeing the implementation of MGTS's remuneration policy and practices. In order to fulfil its responsibilities, the Remuneration Committee:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity.
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of shareholders, investors, and other stakeholders in the Firm.
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

Material Risk Takers

The Firm's material risk takers are its Directors whose knowledge, strategic and operational responsibilities and their interface with customers, partners and colleagues have a material impact on the risk profile of the Firm (and of the assets that the Firm manages).

Quantitative Remuneration Disclosure

Wages and salaries paid to employees and Directors in the year ended 31 December 2023 amounted to £6,389,402 (2022: £5,371,897). The Directors' remuneration for the year was £869,190 (2022: £816,702). The average number of employees during the year was 50 (2022: 47).