

Pillar 3 Disclosure

1 Introduction

Firms are required under the Senior Management Arrangements, Systems and Controls (SYSC) manual of the Financial Conduct Authority Handbook to have in place robust governance arrangements and effective procedures which allow it to identify, manage, monitor and report the risks it is or might be exposed to.

Global Market Index Limited is authorised and regulated by the Financial Conduct Authority and this document sets out how the Firm complies with its obligations to identify, manage and mitigate risks.

2 Overview

The Capital Requirements Directive ('CRD') of the European Union created a regulatory capital framework across Europe governing how much capital financial services firms must retain. The rules are set out in the CRD under three pillars:

- Pillar 1 sets out the minimum capital resource requirement firms are required to maintain to meet credit, market and operational risks
- Pillar 2 requires firms to assess firm-specific risks not covered by Pillar 1 and, where necessary, maintain additional capital
- Pillar 3 requires firms to disclose information regarding their risk assessment process and capital resources with the aim to encourage market discipline by allowing market participants to assess key information on risk exposure and the risk assessment process.

2.1 Frequency and location of disclosure

Future disclosures will be issued on an annual basis once they have been reviewed and approved by the Board. The disclosures are not subject to audit except where they are equivalent to those prepared under accounting requirements for inclusion in the financial statements.

The report and all future ones will be published on our Firm's website.

2.2 Scope of disclosure

Global Market Index Limited (GMIUK) is an Financial Conduct Authority "FCA" authorised execution only broker for elective professional clients and eligible counterparties.

3 Governance Arrangements

3.1 The Management Body

The Board responsible for the Firm's risk management governance structure and how the Firm's risk exposure must be managed in line with the Firm's overall business objectives and within its stated risk appetite. This includes the governance of the process for identifying, evaluating, managing and reporting the significant risks faced by the Firm.

The Board ultimately responsible for ensuring that the Firm maintains sufficient capital and liquidity resources to meet its regulatory capital and liquidity requirements and to support its growth and strategic objectives. Risk management is embedded throughout the business, with the overall risk appetite and risk management strategy approved by the Board propagated down throughout the business as appropriate.

The Governance Arrangements of the management body of Global Market Index Limited is illustrated below:

Board of Directors

- Ashraf Ebid Director SMF3
- Che-Hui "Jeff" Chao Non-Executive Director
- Zaid Alkhatib CEO – Director SMF1, SMF3, SMF16 and SMF17

The Firm has reviewed the number of directorships held by members of the Board/The Director has assessed the number of directorships held and are satisfied that the arrangements are such that the management body is able to commit sufficient time and resources to perform their obligations in the Firm. The number of directorships held is monitored on an ongoing basis.

4 Capital Adequacy, ICAAP and ICARA

The Firm's overall approach to assessing the adequacy of its internal capital is documented in the Internal Capital Adequacy Assessment Process ("ICAAP") and ("ICARA").

The ICAAP and ICARA process includes an assessment of all material risks faced by the Firm and the controls in place to Identify, manage and mitigate these risks. The risks identified are stress-tested against various scenarios to determine the level of capital that needs to be held.

Where risks can be mitigated by capital, the Firm has adopted the EUCRR requirements for Pillar 1 where the Board considers that the Pillar 1 calculations do not adequately reflect the risk, additional capital is added on in Pillar 2.

Whilst the ICAAP and ICARA are formally reviewed by the Board once a year, Senior Management review risks and the required capital more frequently and will particularly do so when there is a planned change impacting risks and capital or when changes are expected in the business environment potentially impacting the ability to generate income.

As of 31/12/21 the firm's CAR is of 61.09%.

4.1 Capital Resources

The Firm is a Non-SNI (Non-Small and Non-Interconnected) firm.

A Non-SNI firm must maintain at all times a permanent minimum capital resources (PMR) equal to or in excess of the base requirement (£50k) for Year 2022, and over the next 5 years the PMR will transition to reach £750K. The Pillar 1 capital requirement for a Non-SNI firm is the higher of:

- Permanent Capital Requirement OR
- Credit Risk plus Market Risk plus Counterparty Risk Capital Requirements OR
- Fixed Overhead Requirement
- K-Factor Metrics (KFR): (Daily Trading Flow "K-DTF")

The Firm must maintain at all times capital resources equal to or in excess of the Pillar 1 requirement. During the 12-month accounting period to 31st December 2021, the Company complied fully with all capital requirements and operated well within regulatory requirements. As at 31st December 2021 the firm held Tier 1 capital resources of c. £ 1,266,663 comprised of ordinary share capital, share premium, and audited profit reserves. The Board are therefore comfortable that the Firm is, and has been throughout the financial year, adequately capitalised for Pillar 1 purposes. The Board are comfortable that this will ensure prudent capitalisation and cover for market downturns and other risks that may materialise in the short to medium term.

The Board constantly monitors the performance of the Firm and capital adequacy is regularly assessed by them. The Firm will also monitor risks throughout the year and decide if additional capital should be held against them. Additional risks that supplement the Pillar 1 requirements are detailed below and, where necessary, additional capital will be provided.

5 Management of Risk Framework

5.1 Risk Profile

Global Market Index Limited has identified the following core risk categories: e.g. strategic, market, credit, liquidity, operational, legal, interest rate, excessive leverage and financial crime.

Global Market Index Limited's profile of these risks is continually evolving and is generally driven by:

- Changes to the market in which we operate;
- Global Market Index Limited's strategies and business objectives and;
- Global Market Index Limited's business/operating models

Global Market Index Limited will seek to generate positive returns through carefully considered risk taking and robust risk management. As such the effective management and control of both the upside of risk taking and its potential downside is a fundamental core competency of the Firm.

5.2 Risk Appetite

The Board responsible for setting the Firm's risk appetite, defining the type and level of risk that the Firm is willing to accept in pursuit of its business objectives.

5.3 Three Lines of Defence

The Firm's governance structure is designed such that the business is the first line of defence, the compliance function is the second line of defence with the Board representing the third line of defence.

First line of Defence	Strategies and goals. Firm Values. Risk Appetites
Business	Identification, control and management of risks. Operating requirements: roles and responsibilities, supervision, procedures, systems and controls
	Identifying Risks Faced.
	Identifying Risks Taken
	Control and Management of Risks
Second line of Defence	Risk Management Framework
Compliance	Policies and Procedures
	Guidance and Training
	Monitoring
Third Line of Defence	Governance
Senior Management/Board	Full accountability for the management of risks

5.4 Risk Assessment Framework

The Board responsible for approving the Risk Assessment Framework, which is used to ensure that the Firm has a comprehensive understanding of its risk profile, including both existing and emerging risks facing the Firm, and to enable it to assess the adequacy of its risk management in the context of the Firm's risk appetite.

Principal Risks	Appetite	Key Drivers	Mitigation
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Strategic Risk

The risk that arises decisions that fail to reflect the full business operating environment and the impact of failing to adequately identify changes to the business model.

The Firm will remain competitive by identifying opportunities and assessing the risks, rewards and costs associated with them before proceeding

Regulatory landscape impacting the business.
Commercial/market conditions
Internal business/operating model

Due diligence is carried out prior to any new business opportunity and a full assessment of the potential and actual risks taken into account.

Appointment of external compliance consultants

Counterparty Credit Risk

The risk of financial loss due to the failure of a customer to meet their obligations to settle outstanding amounts

The Firm will only engage in activities where customers have adequate collateral deposited

Market conditions
Counterparty credit worthiness

The Firm uses the standardised method of calculating Credit Risk. The firm also has also employed a risk specialist to monitor the risk.

Market Risk

Risk of losses in on and off balance sheet positions arising from adverse movements in market prices

The Firm will remain competitive by identifying opportunities and assessing the risks, rewards and costs associated with them before proceeding

Volume and complexity of trading
Market movements
Liquidity

Risk department monitors market conditions

Liquidity Risk

The risk that the Firm does not have sufficient liquid resources or is unable to deploy such resources to meet its actual or potential obligations in a timely manner as they fall due

The Firm will have sufficient and accessible financial resources as to meet any financial obligations as they fall due. The firm has always held significantly more than its minimum requirement.

Operational risk
Credit risk events
Internal business operating model

Daily reviews of financial resources

Contingency funding arrangements in place

Principal Risks	Appetite	Key Drivers	Mitigation
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Operational Risk

The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events	The Firm will actively identify and manage the risk of its people, processes or systems failing. Operational risk is inherent in any business however the Firm will take steps to prevent such risks from increasing operating costs	Internal business operating model External threats Market conditions	Employees provided training and guidance on their obligations Timely escalation and mitigation of identified risks BCP is updated regularly
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Risk of Excessive Leverage

The potential increase in risk caused by a reduction in the Firm's own funds through expected or realised losses.	The Firm will only engage in activities where collateral is held	Operational risk Market conditions	Collateral is monitored and trading margin managed
	The Firm will have adequate financial resources in place	Liquidity	Regular reviews of financial resources Excessive leverage is not offered.

Financial Crime Risk

The risk that the Firm fails to prevent its involvement in or use by other parties to commit financial crime	The Firm has no appetite for any breaches or lapses occurring that result in financial crime taking place	External threats Internal controls	Training is provided to all employees regularly Financial crime procedures and regular monitoring
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6 Remuneration Policy

Global Market Index Limited's Remuneration Policy complies with the Remuneration Code in relation to its size, nature, scope and complexity of our activities.

The Policy is aligned to the Firms' business strategy, objectives, values and long term interests in respect of performance and effective risk management in line with the Firm's risk appetite.

A copy of the Firm's Remuneration Policy is available on request.