

Edgewater Markets Limited

Public Disclosures – December 2025

1. INTRODUCTION AND CONTEXT

The Investment Firms Prudential Regime (IFPR) is the FCA's prudential regime for MiFID investment firms which aims to streamline and simplify the prudential requirements for UK investment firms. IFPR came into effect on 1st January 2022, and its provisions apply to Edgewater Markets Limited ('EML' or the 'Firm') as an FCA authorized and regulated firm.

EML is classified as a non-SNI firm given it does not breach any requirements set out in MIFIDPRU 1.2.1 R.

EML is required to disclose the following information:

- Governance arrangements (MIFIDPRU 8.3): non-SNI firms are required to disclose certain information including:
 - An overview of the Firm's governance arrangements
 - The number of directorships held by each member of the governing body (this only applies to directorships of commercial enterprises, charities and directorships of other group entities are excluded).
 - A summary of the Firm's policy on promoting diversity in the governing body.
 - Whether the Firm has established a risk committee
- Own funds (MIFIDPRU 8.4): firms must provide details of their own funds (using the template provided in MIFIDPRU 8 Annex 1R), and a reconciliation of the same information in the Firm's report and accounts.
- Own funds requirements (MIFIDPRU 8.5): firms must disclose details of their own funds requirements including the fixed overhead requirement (FOR) and a breakdown of their K-factor requirements (non-SNI only). All firms are also required to disclose their approach to assessing their compliance with the overall financial adequacy rule (MIFIDPRU 7.4.7R).
- Risk Management (MIFIDPRU 8.2): firms must disclose their risk management objectives and policies in respect of the following categories of risk addressed by:
 - MIFIDPRU 4: Own Funds Requirements
 - MIFIDPRU 5: Concentration Risk; and
 - MIFIDPRU 6: Liquidity
- Remuneration Policy and practices (MIFIDPRU 8.6)
 - Provision of quantitative and qualitative disclosures in respect of the Firm's remuneration arrangements

2. GOVERNANCE

2.1. Overview of Governance Arrangements:

2.1.1. The Board

The Board has adopted a risk management governance structure which ensures the Board reviews, challenges and has oversight of the Firm's risks. The composition of the Board is shown below.

- SMF1 – Chief Executive Officer
- SMF3 – Executive Director
- SMF16 – Head of Compliance
- SMF17 – Money Laundering Reporting Officer

As of the 22nd of October 2025, Matthew Maloney took on the roles of SMF1 and SMF3 and on the 27th of June 2025 Shashi Patel took on the roles of SMF3, SMF16 and SMF17.

2.1.2. Risk Committee

The Firm does not have a risk committee and is not required to as per MIFIDPRU 7.3.1R(1)

2.1.3. Diversity

The Firm is committed to providing equal opportunities across all business functions and do not discriminate on the grounds of gender, sexual orientation, marital or civil or partner status, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability or age.

2.1.4. Directorships

No members of the Board have held office in executive and non-executive functions throughout the financial year ending 31st December 2025.

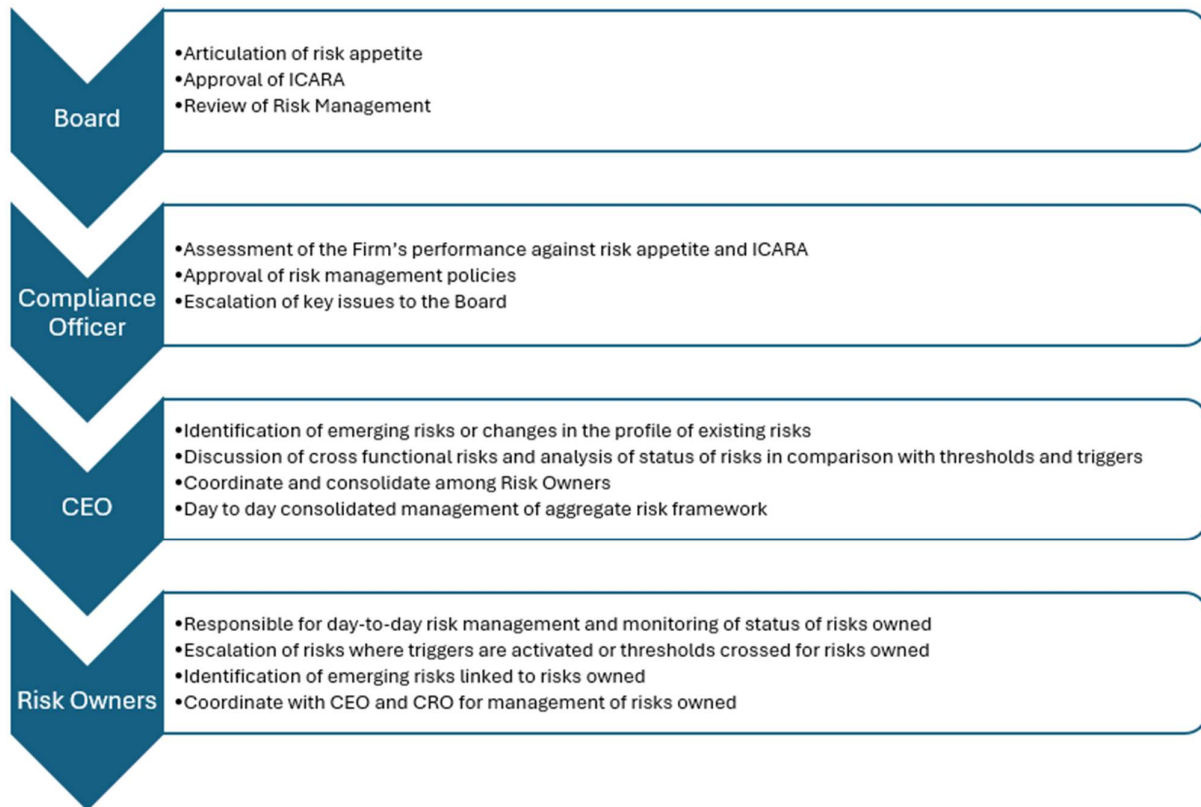
3. RISK MANAGEMENT

3.1.1. Approach to Risk Management

The business activities of EML expose the Firm into inherent risks which may adversely affect its profitability and strategic goals. For the Firm to manage its expectations towards risk, and in order to achieve its business objectives without jeopardising its reputation, it has established proper organisational measures, through the implementation of sound risk management and internal control systems, and by appropriately balancing opportunities and risks. Further, the identified risks are adequately managed through the Company's ICARA which in a holistic manner encompasses the Company's Risk management framework.

3.1.2. Roles and Responsibilities

EML delivers its RMF via a clearly defined governance framework. The functions with responsibility for risk management are set out below along with the key elements of their respective responsibilities.



3.1.3. Risk Appetite setting

EML creates its risk policies and procedures with due reference to the Statement of Risk Management. The Risk Committee oversees the application of the Statement of Risk Management in respect of ongoing business operations and internal governance. The business has a defined decision-making process, which is based upon the identification, assessment, and prioritisation of existing and emerging risks.

3.1.4. Key Risk Categories

1. Own Funds Requirements (MIFIDPRU 4)

The business model and associated harms:

EML's core activities are the provision of a trading platform for spot, forwards, future, option, CFDs, index, swaps, rolls and derivatives products to professional clients and eligible counterparties on a matched principal basis ("MPB"). The Firm does not manage any client portfolios nor provide any advisory services. The Firm identified the following risks associated with this business activity:

- That through interruption, incident or technology failure, EML is unable to provide services to Clients.

- That through a technology failure, trades are incorrectly booked, not booked, double booked etc causing a loss.

Strategies and processes used to mitigate against this:

The Firm has internal technology teams which are on hand to fix any technology issues.

2. Concentration Risk (MIFIDPRU 5)

The business model and associated harms:

As a trading firm, EML is exposed to concentration risk from the counterparties with which it engages. There is a risk that one of the Firm's counterparties defaults on its obligations to EML.

Strategies and processes used to mitigate against this:

The Firm settles trades through its parent, Edgewater Markets LLC, which utilises multiple external counterparties. If one of these counterparties defaults, the Firm is able to use another. As such the Firm has limited concentration risk.

4. Liquidity (MIFIDPRU 6)

The business model and associated harms:

Potential harm of liquidity is defined by the inability to ensure that cash outflows are matched by inflows.

Strategies and processes used to mitigate against this:

The Firm maintains the following mitigants to reduce liquidity risk:

- The Firm does not maintain any loans payable or credit facilities,
- The shareholder of the Company is committed to provide support if this is needed at any time in the future,
- The Firm keeps adequate cash deposits with banking institutions, thus eliminating the risk of cash shortfalls arising, and it does not have any pledged and/or encumbered assets.
- Taking a prudent approach, the Firm only considers cash deposits within in its basic liquid assets calculation.

4.1.1. Approach to assessing the effectiveness of the Risk Management Function

The Board assesses the adequacy of its risk management framework as part of the ICARA review process and considers whether the outcomes of the risk management process reflect a framework that is fit for purpose.

5. OWN FUNDS

The Firm must disclose the following information regarding own funds:

- Breakdown of its own funds, reconciled to the specific instruments and deductions
- Reconcile the Firm's own funds to the audited financial statements
- A description of the main features of the instruments that make up the Firm's own funds.

5.1.Composition of Own Funds

	COMPOSITION OF REGULATORY OWN FUNDS		
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	1,403	
2	Tier 1 Capital	1,403	
3	Common Equity Tier 1 Capital	1,403	
4	Fully paid-up capital instruments	1,300	15
5	Share premium	0	
6	Retained earnings	103	
7	Accumulated other comprehensive income	0	
8	Other reserves	0	
9	Adjustments to CET1 due to prudential filters	0	

10	Other funds	0	
11	(-) TOTAL DEDUCTIONS 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 DEDUCTIONS 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 DEDUCTIONS FROM TIER 2	0	
29	Tier 2: Other capital elements, deductions, and adjustments	0	

5.2.Reconciliation to audited financial information

The table below shows a reconciliation with own funds in the balance sheet where assets and liabilities have been broken down by asset and liability classes respectively. The information in the table below reflects the balance sheet in the audited financial statements.

OWN FUNDS: RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS			
		Balance sheet as in published/audited financial statements	Cross reference to template OF1
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1	Debtors	7,208	
2	Cash at bank in hand	9,370	
	Total Assets	16,578	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Creditors: amounts falling due within one year	15,213	
	Total Liabilities	15,213	
Shareholders' Equity			
1	Called up share capital	1,300	4
2	Profit and Loss Reserve	103	6

	Total Shareholders' equity	1,403	
--	----------------------------	-------	--

5.3. Main features of the Firm's own funds instruments

OWN FUNDS: MAIN FEATURES OF OWN INSTRUMENTS ISSUED BY THE FIRM

- Ordinary Share Capital
 - Issued and fully paid
 - Ordinary Shares of £1 each

6. OWN FUNDS REQUIREMENT

The Firm must disclose the below information regarding its basic own funds requirement. In providing this information, the Firm should provide both the numbers and a high-level description – including an identification of the firm’s basic own funds capital driver.

REQUIREMENT	£000's
Fixed Overhead Requirement	676
Total K-Factor Requirement	421
Sum of K-AUM, K-CMH and K-ASA	0
Sum of K-COH and K-DTF	0
Sum K-NPR, K-CMG, KTCD and K-CON	421

The driver of the Own Funds Threshold Requirement is the Permanent Minimum Requirement.

6.1. Overall Financial Adequacy

The ICARA process is linked to EML’s overall risk management, business planning and capital management procedures, with each of these components informing the others. Capital planning takes place quarterly together with the Firm’s financial forecasting process.

The purpose of the ICARA process is to ensure that EML:

- has appropriate systems and controls in place to identify, monitor and, where proportionate, reduce all potential material harms that may result from the ongoing operation of its business or winding down its business; and
- holds financial resources that are adequate for the business it undertakes.

The requirement for adequate financial resources is designed to achieve two key outcomes for MIFIDPRU investment firms:

- to enable it to remain financially viable throughout the economic cycle, with the ability to address any potential material harms that may result from its ongoing activities (including both regulated activities and unregulated activities); and
- to enable it to conduct an orderly wind-down while minimising harm to consumers or to other market participants without threatening the integrity of the wider UK financial system.

The Board will consider the ICARA, the appropriateness of the capital requirements and the updated capital adequacy figures at each Board meeting. They focus on:

- Progress against the budget



- Appropriateness and results of stress tests
- Key risks being taken
- Any regulatory change

The ICARA is integrated into the ongoing management of the business and is used in the day to day running of EML, in particular to help in assessing the risks and associated mitigating actions in place.

7. REMUNERATION

7.1. Overview

EML manages remuneration in line with its business strategy and ensures a consistency of approach within the Firm to attract, retain and reward employee's for contributing to the Firm's success, whilst maintaining financial stability and robust and effective risk management.

Staff who are responsible for making key management decisions on behalf of the Firm are identified as material risk takers.

7.1.1. Governance

The Board reviews the remuneration policy at least annually and is responsible for overseeing its implementation.

Given the size, scale and complexity of EML, the Firm does not have a remuneration committee.

The Remuneration Policy was developed with the support of external consultants.

7.1.2. Assessment of Performance

The Firm bases the total amount of remuneration on an assessment of the performance of the employee, the business unit and EML's overall results.

When assessing individual performance, financial as well as non-financial criteria are considered, including effective risk management, compliance with regulations and appropriate conduct in line with EML's values. Poor performance in non-financial criteria overrides financial performance.

The criteria that determine any variable remuneration includes:

- The Firm's performance
- Business unit performance
- Employee performance against objectives
- Effective risk management
- Compliance with regulations
- Adherence to the Firm's values
- Treating customers fairly

The Firm bases the assessment of performance on a multi-year framework to ensure that the assessment considers a longer-term performance, and that payment of the performance based variable components are spread over a period taking into account the business cycle of the Firm and its business risks.

7.1.3. Risk Adjustment

When considering variable remuneration, EML principally bases the assessment of financial performance on its profits, adjusted for current and future risks. Where there is negative financial performance of the Firm, then total variable remuneration will be considerably smaller, both for current remuneration and reductions in payments of variable compensation previously earned. The Firm maintains the ability to downwardly adjust any payments of variable compensation through malus and clawback.

The Firm ensures that any measurement of performance used to calculate variable remuneration considers all types of current and future risks as well as the cost and quantity of the capital and liquidity required. EML also considers the need for consistency with the timing and likelihood of future potential revenues incorporated into current earnings.

The Firm keeps a record of the risk adjustment techniques and measures it uses and includes risks such as reputation, conduct, client outcomes, values and strategy.

7.1.4. Incentives

In order to encourage behaviours that are in line with the business strategy, objectives, values and long-term interests of the Firm, EML will consider the following when awarding variable compensation:

- Performance against business objectives set
- Behaviours displaying the core values of the Firm
- Treating customers fairly

7.2. Components of Remuneration

Employees' remuneration usually consists of a base salary (or fixed compensation) and, in some cases, performance related variable compensation. All remuneration paid to a staff member is clearly categorised as either fixed or variable remuneration and the criteria for setting fixed and variable remuneration is clearly set.

7.2.1. Fixed Remuneration

Base salary compensation is predominantly based upon the employee's professional experience and organisational responsibility as set out by their job description and terms of employment.

Additionally, the Firm has a defined contribution workplace pension plan in place. The terms of the pension offered by EML is in line with its business strategy, objectives, values and long-term interests.

The Firm does not offer guaranteed variable remuneration. The Firm does not operate a discretionary severance pay scheme. On termination of employment, employees receive payments only where required by law, regulation, or contractual arrangements.

7.2.2. Variable Compensation

In addition to their fixed remuneration, employees may be eligible to receive variable compensation that reflects performance in excess of that required to fulfil their job description and terms of employment. These payments are fully discretionary and paid alongside ordinary payroll.

Regarding pension benefits, where they are granted on a discretionary basis as part on an employee's variable remuneration package:

- The Firm does not currently provide discretionary pension benefits. A statutory pension contribution is made by the Firm to the employees.

Variable compensation will only be awarded when it is sustainable to EML's overall financial situation and taking into account any known future events, the performance of the Firm, the business unit and the employee.

The Firm must not pay variable remuneration to members of the management body who do not perform any executive function in the firm.

7.2.3. Balance of fixed and variable components of total remuneration

The fixed and variable components of the total remuneration must be appropriately balanced. The Firm ensures the fixed component represents a sufficiently high proportion of the total remuneration to allow a fully flexible application of the variable component, including the possibility to pay no variable compensation if appropriate.

When determining what is an appropriate balance and an appropriate ratio, the Firm considers the following factors:

- the Firm's business activities and associated prudential and conduct risks; and
- the role of the individual in the firm or of the assets it manages.

7.3. Quantitative Disclosures

For the financial year to December 2025, EML had the following split between fixed and variable remuneration:

	NUMBER OF STAFF	FIXED REMUNERATION	VARIABLE REMUNERATION	TOTAL REMUNERATION
Senior Management/ Other Material Risk Takers	5	£376,794	£60,000	£436,794
Other Staff	19	£1,065,754	£383,806	£1,449,560
Total	24	£1,442,548	£443,806	£1,886,354

The Firm did not pay any guaranteed variable remuneration or make any severance payments to MRTs in the performance period.