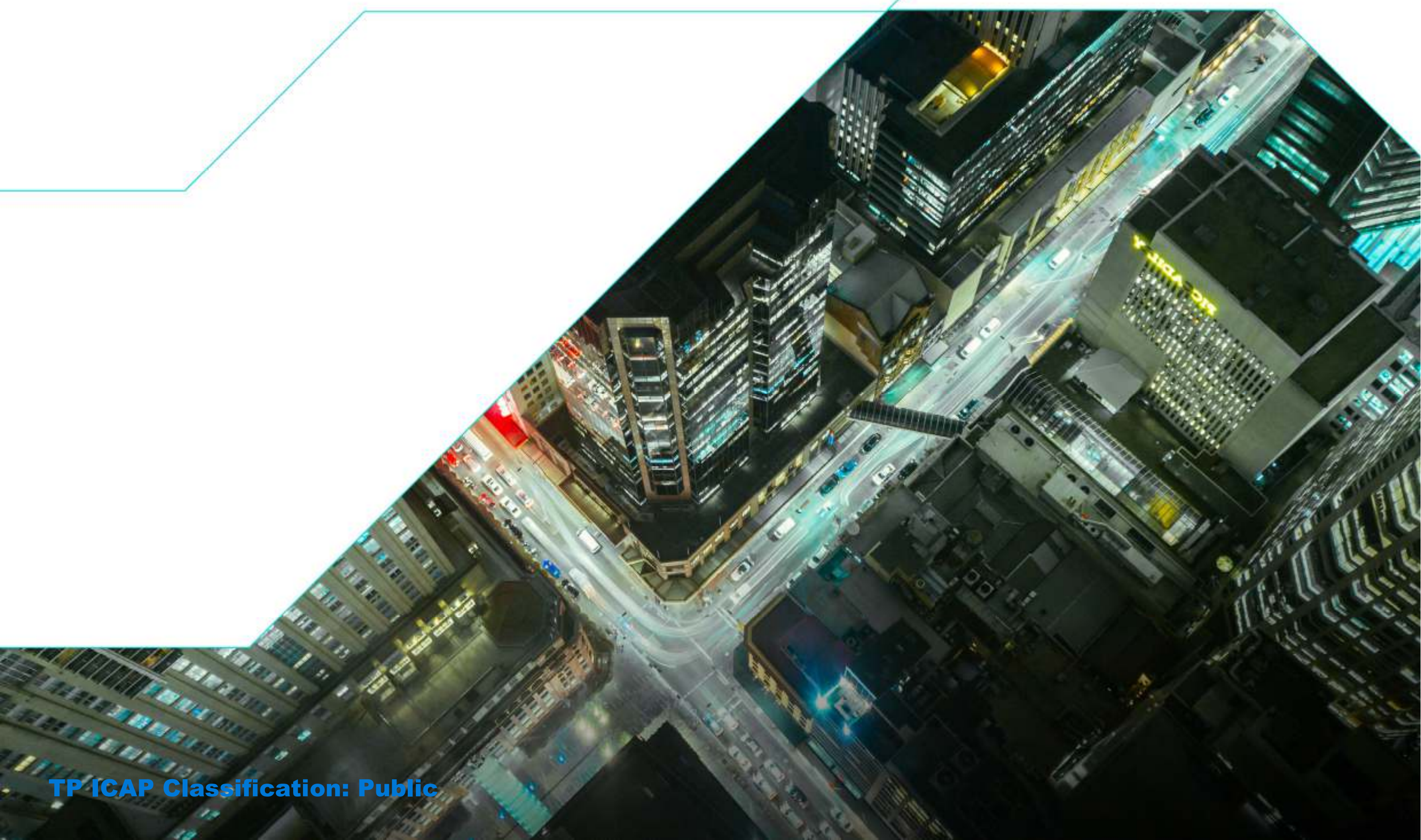
TP ICAP Europe SA

Pillar 3 Disclosures

2021



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The following Pillar 3 disclosure has been prepared in line with Article 46 of the REGULATION (EU) 2019/2033 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (IFR).

Business Overview

TP ICAP (Europe) SA is a leading market infrastructure and information provider. It is acts as a wholesale market intermediary, connecting buyers and sellers across a wide range of asset classes that include credit, equities, rates, futures, emerging markets and commodities.

The Company is regulated by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and the Autorité des Marchés Financiers (AMF). In addition, during 2021 the Company applied to be registered by the National Futures Association (NFA) as Introducing Broker. This was granted in January 2022 to support our Brexit relocation strategy.

The Company is a wholly-owned subsidiary of TP ICAP EMEA Investments Limited (formally known as Tullett Prebon Investment Holdings Limited). The Company's ultimate parent company and controlling party is TP ICAP Group plc (the "Group").

TP ICAP Europe SA delivered total net revenues of €79m in 2021. Approximately 81% of this revenue was generated by its activities conducted from France, with the remainder from its continental European branches.

During the financial year the main movements were:

- Net operating revenue increased significantly. This was driven principally by the full year integration of Louis Capital Markets, which took place during the end of 2020 financial year, and additional activities brought by the Group's Brexit strategy.
- Administrative expenses increased proportionately in line with higher revenues following the full year integration of Louis Capital Markets and additional resources in line to Group's Brexit strategy.

It is expected that the Company will receive further operational activities from UK Affiliate companies in the foreseeable future as part of the Group's Brexit Strategy.

Risk Management

Risk Strategy

The Board adopts an annual Risk strategy that identifies the core risk management objectives that must be met for the Group to deliver its Business Strategy.

The Risk strategy constitutes the guiding principles by which all the Group's risk management activity must be undertaken.

Risk Appetite

The Board articulates the overall level of risk the Group is willing to take for the various risks it faces within its Risk Appetite Statements.

The Risk Appetite Statements set the parameters within which the Group must manage its risk profile, and so provides the context for all the Group's risk management activity. This includes defining the Group's overall loss tolerance and its targeted level of prudential adequacy.

The Risk Appetite Statements are cascaded and operationalised throughout the Group through a framework of risk appetite implementation metrics. These provide the operational parameters the business must operate within on a day-to-day basis.

Approach

The Group has aligned its Risk Appetite Statements with its Business and Risk Objectives and therefore adopts statements which cover its:

- Capital and liquidity adequacy;
- Reputation as an impartial and trusted financial intermediary;
- Regulatory standing;
- Operational resilience;
- Access to Capital Markets; and
- Impact on the Group's Strategy.

The Risk Appetite Statements may be expressed in both quantitative and qualitative terms, depending on the risk area they address. For example, risk statements relating to the Group's capital or liquidity position include both quantitative and qualitative elements, while Risk Appetite Statements relating to the Group's reputation or regulatory standing are expressed in qualitative terms.

Prudential Risk

The Group's risk objective is to maintain a robust financial position in both normal and stressed conditions. This is to be achieved by maintaining profitability, ensuring capital resources and liquidity resources are sustained at levels that reflect the Group's risk profile, and by maintaining access to capital markets.

Operational Risk

The Group's objective is to ensure that it has access to the people, technology and operational infrastructure required to operate its business effectively and to meet its strategic goals. The Group must also ensure that its key operational processes are appropriately controlled and that its infrastructure operates effectively and with an appropriate degree of resilience to minimise the potential for losses resulting from operational failures.

Financial Risk

The Group is prepared to accept counterparty credit risk provided that the permitted level of exposure that can be held with each counterparty appropriately reflects the creditworthiness of the counterparty and is justified by an appropriate commercial benefit to the Group. The Group is not prepared to accept an undue concentration of credit risk exposure with any single counterparty or Group of connected counterparties.

Strategic and Business Risk

The Group operates in a challenging commercial environment characterised by rapidly evolving client requirements, aggressive competitor activity and a developing regulatory framework. The Group seeks to address these challenges through the adoption and execution of a well-defined and responsive business strategy that ensures the continued viability and growth of the Group's business.

Enterprise Risk Management Framework

The purpose of the ERMF is to enable the Group to understand the risks to which it is exposed and to manage these risks in line with its stated risk appetite. The ERMF achieves this objective through several mutually reinforcing components, which include:

- the operation of a robust risk management and governance structure based on the three lines-of-defence model;
- the fostering of an appropriate risk management culture; and
- a range of risk management processes to enable the Group to identify, assess and manage its risks effectively.

Organisational Structure

The ERMF is operated through a three lines of defence ('3LOD') model, whereby risk management, risk oversight and risk assurance roles are undertaken by separate and independent functions. All 3LOD is overseen by the Group's governance committee structure (including Risk, Audit and Remuneration Committees). The Board has overall responsibility for the management of risk within the Group, which includes:

- Defining the nature and extent of the risks it is willing to take in achieving its business objectives through formal risk appetite statements;
- Ensuring that the Group has an appropriate and effective risk management and internal control framework;
- Monitoring the Group's risk profile against the Group's defined risk appetite. The Group's risk governance structure oversees the implementation and operation of the ERMF across the Group and primarily comprises the following committees:
    - Board Risk Committee;
    - Group Risk, Conduct and Governance Committee; and
    - Regional Risk, Conduct and Governance Committees in EMEA, Americas and Asia Pacific.

First line of defence - Risk management within the business

The first line of defence comprises the management of the business units and support functions. The first line of defence has primary responsibility for ensuring that the business operates within risk appetite on a day-to-day basis.

Second line of defence - Risk oversight and challenge

The second line of defence comprises the Compliance and Risk functions, which are separate from operational management.

The Compliance function is responsible for overseeing the Group's compliance with regulatory requirements in all the jurisdictions in which the Group operates.

The Risk function is responsible for overseeing and challenging the business, support and control functions in their identification, assessment and management of the risks to which they are exposed. The Risk function also assists the Board (and its various Committees) in discharging its overall risk oversight responsibilities.

Third line of defence - Independent assurance

Internal Audit provides independent assurance on the design and operational effectiveness of the Group's risk management framework.

Liquidity Risk

Liquidity Risk is a potential scenario where the company may be unable to fund liabilities as they fall due because of a shortage of liquid assets, or an inability to obtain adequate funding.

Concentration Risk

Concentration risk in relation to individual or highly connected private sector counterparties with whom firms have exposures above 25 % of their own funds. No counterparty exceeded this amount as at Financial Statement Date.

Governance

TP ICAP (Europe) SA adheres to the Group governance structure and has three committees at the legal entity level:

I. **the Executive Committee;**

II. **the Risk Conduct & Governance Committee; and**

III. **the Board of directors.**

Directorships

The number of Directorships held by members of the management body are as follows

Name of Director	Number of Directorships
Steeve Charvet (CEO)	1
Gregory Strypsteen (COO)	1

Diversity

TPIE is subject to the Group's Diversity Policy. In addition, key information is gathered and reported in accordance with the applicable decree of 8 January 2019 on the Gender Pay Gap. The most recent disclosure was on figures for 2021. This shows:

- the gender pay difference,
- the rate of individual promotions rates and salary increases between men and women, including where a female employee returns from maternity leave
- the number of under-represented genders among the ten highest paid employees.

TPIE intends to continue its efforts and commitment to gender equality, including wages, to achieve a higher score in the future.

The Group recognises that its long term success depends on recruiting the best talent irrespective of gender, marriage or civil partnership, pregnancy, or maternity/paternity/shared parental leave, race (including ethnic or national origin, nationality or colour), disability, sexual orientation, age, religion or philosophical beliefs, as well as the lack of religion or belief, or Trade Union membership. We are committed to eliminating discrimination and encouraging diversity amongst our current workforce and candidates.

TP ICAP values and embraces the diversity of thoughts, background and experience. As a global organisation, we understand the importance of sharing experiences and perspectives and are committed to creating an inclusive environment in which all employees can fulfil their maximum potential.

Internal breach of our Diversity and Inclusion Policy may result in a disciplinary sanction being imposed, up to and including dismissal.

Risk Committee

In addition to the committees mentioned in the Organisational Structure section, TPIE hosts a Continental European Risk Committee (Risk, Conduct & Governance Committee) every quarter. This is attended by senior management, including the TPIE CEO, TPIE COO, Head of Risk, Head of Compliance, Head of HR, Head of IT.

Own Funds

TP ICAP (Europe) SA is submitted to the Investment Firm Regulation since 26 June 2021. The company is qualified as Class 2 and consequently is required to calculate K-Factors.

Capital Adequacy Report

TPIE – Capital Resources	Dec-21
-	€'000
Common Equity Tier 1 Capital after deductions	
Share Capital	43,794
Share premium	15,498
Previous years retained earnings	(22,477)
Profit or loss eligible	(83)
Profit or loss attributable to owners of the parent	
(-) Part of interim or year-end profit not eligible	
Other reserves	11,633
Total b/f	48,365
Deductions - Goodwill	(19,349)
Deductions - deferred tax asset	(280)
	28,737

Capital Requirements

Permanent Minimum Capital Requirement	**750**
Risk to client	-
Risk to market	394
Risk to firm	1,271
K - Factor Requirements	**1,665**
Fixed Overheads Requirement	**15,055**
Pillar1 Capital Requirement	**15,055**

The total capital ratio is consequently 15.3% as of December 2021.

Composition of regulatory own funds

Template EU IF CC1.01 - Composition of regulatory own funds (Investment firms other than small and non-interconnected)

		Amounts	Source based on reference numbers/letters of the balance sheet in the audited financial statements
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	**OWN FUNDS**	28,827,817	Based on figures of the balance sheet in the audited financial statements
2	**TIER 1 CAPITAL**	28,827,817	Based on figures of the balance sheet in the audited financial statements
3	**COMMON EQUITY TIER 1 CAPITAL**	28,827,817	Based on figures of the balance sheet in the audited financial statements
4	Fully paid up capital instruments	43,793,576	Issued share capital as per the audited financial statements period ending 31st December 2021
5	Share premium	5,265,872	Share premium as per the audited financial statements period ending 31st December 2021
6	Retained earnings	- 23,451,264	Retained Profit & Current year loss as per the audited financial statements period ending 31st December 2021
7	Accumulated other comprehensive income		
8	Other reserves	22,672,053	Other reserves & Merger reserve within the audited financial statements period ending 31st December 2021
9	Minority interest given recognition in CET1 capital		
10	Adjustments to CET1 due to prudential filters		
11	Other funds		
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	- 19,452,420	
13	(-) Own CET1 instruments		
14	(-) Direct holdings of CET1 instruments		
15	(-) Indirect holdings of CET1 instruments		
16	(-) Synthetic holdings of CET1 instruments		
17	(-) Losses for the current financial year		
18	(-) Goodwill	- 19,349,021	Goodwill as per the audited financial statements period ending 31st December 2021
19	(-) Other intangible assets		
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	- 103,399	DKK branch only. French reporting does not allow for DTA.
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds		
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds		
23	(-) CET1 instruments of financial sector entites where the institution does not have a significant investment		
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment		
25	(-)Defined benefit pension fund assets		
26	(-) Other deductions		
27	CET1: Other capital elements, deductions and adjustments		
28	**ADDITIONAL TIER 1 CAPITAL**		
29	Fully paid up, directly issued capital instruments		
30	Share premium		
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
32	(-) Own AT1 instruments		
33	(-) Direct holdings of AT1 instruments		
34	(-) Indirect holdings of AT1 instruments		
35	(-) Synthetic holdings of AT1 instruments		
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment		
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment		
38	(-) Other deductions		
39	Additional Tier 1: Other capital elements, deductions and adjustments		
40	**TIER 2 CAPITAL**		
41	Fully paid up, directly issued capital instruments		
42	Share premium		
43	(-) TOTAL DEDUCTIONS FROM TIER 2		
44	(-) Own T2 instruments		
45	(-) Direct holdings of T2 instruments		
46	(-) Indirect holdings of T2 instruments		
47	(-) Synthetic holdings of T2 instruments		
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment		
49	(-) T2 instruments of financial sector entities where the institution has a significant investment		
50	Tier 2: Other capital elements, deductions and adjustments		

Reconciliation of regulatory own funds

Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

		Balance sheet as in published/audited	Under regulatory scope of consolidation	Cross reference to EU IF CC1
		As at period end	As at period end	
Assets - *Breakdown by asset classes according to the balance sheet in the published/audited financial statements*				
1	Petty cash, central bank and CCP	4,879		
2	Amoutns due from banks and similar	11,982,190		
3	Amounts due from clients	22,773,204		
4	Intangible assets	19,349,021		
5	Tangible assets	3,932,655		
6	Other assets	15,089,674		
7	Prepayments and accrued income	6,386,423		
	Total Assets	79,518,046		
Liabilities - *Breakdown by liability classes according to the balance sheet in the published/auditied financial statements*				
1	Amounts due to banks and similar	287,943		
2	Amounts due to clients	371,156		
3	Other liabilities	26,248,471		
4	Accruals and deferred income	3,917,056		
5	Provisions	412,183		
	Total Liabilities	31,236,809		
Shareholders' Equity				
1	Fully paid up capital instruments	43,793,576	43,793,576	
2	Share premium	5,265,872	15,498,321	
3	Retained earnings	-23,451,264	-22,476,917	
4	Other reserves	22,673,053	11,633,147	
	Total Shareholders' equity	48,281,237	48,448,127	

Own instruments issued by the firm

Template EU IF CCA: Own funds: main features of own instruments issued by the firm

This template is empty as the firm has not issue any instruments.

Contact Us

For further information, please visit us at: **tpicap.com** or contact us directly via email: info@tpicap.com