Invinitive

MIFIDPRU 8 Disclosures

A Platform Revolution

MIFIDPRU 8 disclosures- Invinitive Financial UK Ltd

1. Introduction

Invinitive Financial UK Ltd Limited ("Invinitive" or "the Firm" or "We") was authorised by the Financial Conduct Authority ("FCA") under reference number 964301 on 13 May 2022 to provide, arranging bringing about deals in investments, establishing/ operating/ winding up a pension scheme, dealing in investment as principal (to operate SIPPs) and agent, arranging safeguarding and administration of assets, making arrangements with a view to transactions in investments & managing investments. Invinitive is a SIPP provider that invests in wide range of investment products, including UK equities, US equities, Mutual funds, UCITS & Investment Trusts and in Exchange Traded Funds.

Invinitive is required to publish disclosures in accordance with the provisions outlined in MIFIDPRU 8 of the IFPR. These requirements are supplemented by the guidance set out in MIFIDPRU 8 published by the FCA. Under the IFPR's firm categorisation, Invinitive is categorised as a non-small and non-interconnected ("non-SNI") firm.

The disclosure for Invinitive is prepared annually on a solo entity (i.e., individual) basis. We believe the information provided is proportionate to Invinitive's size and organization, and to the nature, scope and complexity of Invinitive's activities.

The annual audited accounts of Invinitive sets out further information which complements the information in this disclosure. The audited accounts are freely available from UK Companies House. This disclosure has been ratified and approved for disclosure by the Managing Board of Invinitive.

2. Risk management objectives and policies

Risk constitutes an unavoidable characteristic of the business of the Firm, and the development of a robust risk management framework is considered of high importance, not least because of the regulatory status of the Firm. The identification and classification of risks begins from the definition of the vision and business objectives, which clearly provide guidance and direction, defining the approach that the Firm adopts in order to successfully confront and respond to different risks inherent in its operations and functions.

2.1 Risk Management Policy

The Board is aware of its obligation to establish within the company the proper risk culture, beliefs, and behaviors that are necessary to identify new risks and reduce the possibility that current risks will materialise. All staff members must certify that they have read and comprehended the firm's rules and procedures, which are clearly laid out and intended to reduce risks to the company.

The directors consider three main aspects as part of their considerations. Firstly, the main risks confronted by the Firm and the mitigation strategies that are implemented. Secondly, the risk management procedures that may be used by the Firm for assessing exposures to applicable risks. Thirdly, the most significant investment risks that most investors are exposed to by investing in the financial markets are discussed.

The main goal of the board of directors is to establish a policy that can recognise and evaluate the commercial risks associated with achieving the firm's and the larger group of companies' strategic objectives. This policy should also establish the necessary internal controls to manage those risks and make sure that the necessary monitoring and reporting systems are in place. These safeguards must be checked frequently.

The company's business operations and any vulnerabilities are constantly under the directors' watchful eyes. Additionally, they continuously evaluate the controls put in place to minimize major risks, guaranteeing their continued applicability and effectiveness. The Risk Register is methodically filled out with these hazards and the related mitigation controls. As the company grows and changes, this process will remain in place.

2.2 Risk Management Structure and Operations

The Invinitive Board is primarily responsible for monitoring and managing the company's risks and assessing the effectiveness of the risk management, compliance, and regulatory frameworks. The Board meets at least once per quarter to review pertinent reports in order to carry out this function. If any issues are found, they are then escalated by their pertinent group's and department's senior.

The company's operations are carried out inside a clear and predictable organisational framework that defines each person's roles and responsibilities for particular tasks. The business has put in place effective processes for identifying, managing, monitoring, and communicating risks and potential adverse effects that might result from its operations to:

- The company's clients and counterparties,
- The markets in which the company operates, and
- The company itself.

Invinitive uses a three-lined structure to assure adherence to rules, laws, guidelines, or standards and to maintain these distinct lines of responsibility. The business also operates in accordance with the FCA's Senior Managers and Certification Regime ("SMCR"), which aims to increase individual accountability and awareness of ethical issues in the financial services industry by:

- Inspiring employees to individually assume responsibility for their actions and the associated risks.
- Elevating the behavior and actions exhibited by employees across all levels of the organisation.
- Guaranteeing that team members can easily grasp and exhibit their roles and duties in case an issue arises.

Line of Defense	Description
First Line of Defense	• These are the risks linked to the management, all personnel. • Each employee must recognise, understand, manage, minimize, and report on the risks that are a part of their particular job. • Creating and implementing an effective framework for policy and control. • Checking for the presence of effective business-level controls and policies. • Adhering to their stated "risk appetite." • Promptly conducting business-level reporting and escalating issues as required.
Second Line of Defense	• Conducting independent oversight and surveillance via the Board. • Ensuring consistency of corporate-level standards and policies at all stages. • Upholding the accuracy and timeliness of reporting across the whole company. • Prompt issue escalation. • By assessing the effectiveness of risk identification and assessment, providing oversight and critical review of risk management decisions across the company's operations. • Setting up guidelines for following legal requirements.
Third Line of Defense	• The External Audit function, which functions apart from the first two lines of defense, is comprised of this. • Their responsibility includes carefully examining and providing the Board and Executive Management Committee with dependable, impartial assurance of the effectiveness of governance, risk management, and internal controls intended to reduce both current and future risks. • They carry out audits to evaluate the risk environment. • They offer autonomous assessments of the company's risk management effectiveness and track the implementation progress of recommended solutions.

2.3 Risk Assessment

Invinitive is in charge of making sure that it has the necessary systems and controls in place to identify, monitor, and, when necessary, minimise any potential material harms that could arise from the business's ongoing operations or from the business's winding down. It also has to make sure that it has enough financial resources to carry out the business it undertakes.

The Firm actively identifies and evaluates the risks and potential harms connected with its core business strategy, continuing operations, business changes, and external threats in order to achieve the aforementioned goals. Additionally, the company recognises and evaluates the effectiveness of the controls in place to reduce the risks related to the company and its potential for substantial harm.

Various assessments are used by the risk officer to monitor and reduce this risk. For instance, the Internal Capital and Risk Assessment Process ("ICARA"), Operational Risk Events, and Key Risk Indicators ("KRIs").

ICARA Risk Assessment Summary:

In order to win, grow and retain customers Invinitive seeks to maintain and manage this risk by regular monitoring.

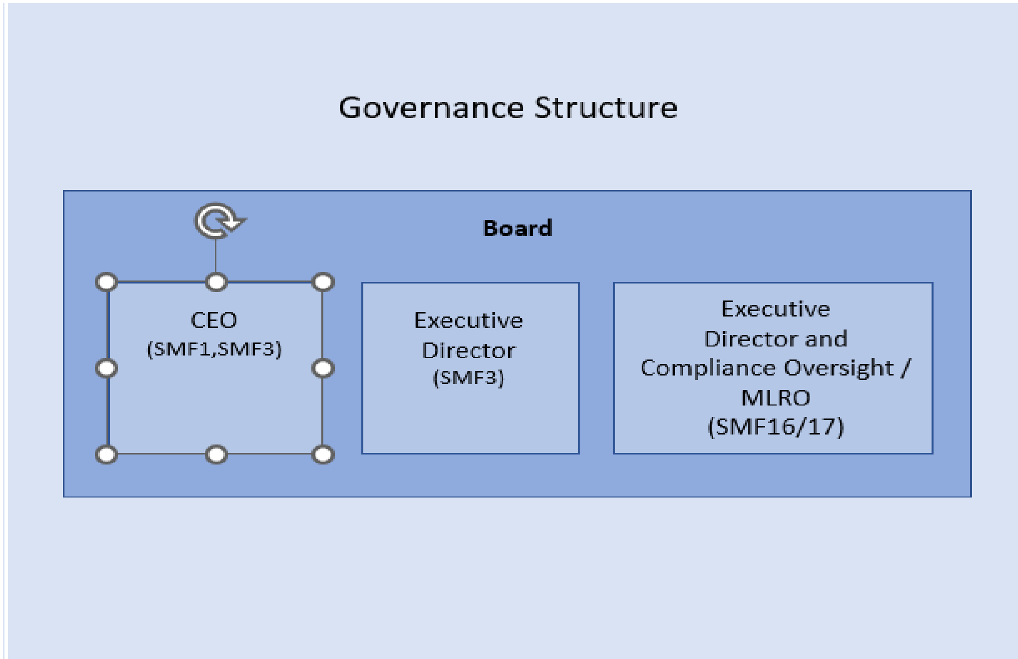
Summary of key risks and potential harms as assessed through Invinitive's ICARA process		
Risk	**Risk Materialisation Harms**	**Description**
Credit Risk	Harm to the firm	This relates to the potential for clients' failure to pay their debts to the business to cause sudden financial losses. Firm reduces risk by doing credit checks and carrying out due diligence before entering into significant contracts and by routinely checking the firms' financial standing before entering into significant contracts with banks.
Operational Risk	Harm to Firm/Harm to the clients & counter parties, Harm to the market	Risk of loss to the Firm stemming from insufficient or ineffective internal systems, people, and processes, or from outside events; this risk covers risks related to legal and financial crime but excludes risks related to strategy, reputation, and business. Maintaining board oversight, having adequate working capital to meet expenses, implementing strong policies, and routinely reviewing and improving internal controls, processes, and regulatory compliance procedures are some of the tactics the company has put in place to lower operational risk.
Market Risk	Harm to Firm	The possibility that negatives market movements, brought on by factors like interest rates, exchange rates, etc., will have an influence on the firm's financial health. The Firm provides financial instruments to clients on an agency basis; so, position risk linked to instruments is de minimis.
Liquidity Risk	Harm to Firm	Risk includes the potential for improper management of liquidity positions or a failure to ensure that cash outflows are met with adequate inflows. Due to the agency business model and simple asset and liability structure, the company assumes relatively minimal risk liquidity risk and maintains adequate core liquid assets in the form of cash to meet its liquidity requirements. A client must have funds on account before the firm does any transactions, removing the firm's risk of non-payment.
Strategic Risk	Harm to Firm	This is the risk that the firm encounters either changes in the regulatory or legal environment that pose a threat to its business or that the firm is threatened either due to poor strategic decision making or the entry of new competitors to its markets. The net risks have been assessed below:

Summary of key risks and potential harms as assessed through Invinitive's ICARA process		
		• Legislative/political environment- Ongoing regulatory change, including Brexit disruption. • Economic Environment- The impact of an economic downturn on the Firm's business due to COVID-19 and Brexit. Macro-economic factors linked to uncertainty of interest rates and political instability can lead to reduced client trading and reduced commissions and revenue for the Firm. Firm had allocated additional Pillar 2 capital to meet this risk.
Regulatory, Legal and Reputational Risk	Harm to Firm	Risk of breaking laws and regulations, notably those governing financial crime, which could result in fines and harm the firm's reputation. Compliance monitoring is anticipated to be carried out monthly by the Compliance Officer, with additional assurance supplied by external compliance experts as needed. The Firm has built a suite of compliance rules and processes that are adhered to on a constant basis. This will guarantee that the Firm follows all applicable regulations.
Concentration Risk	Harm to Firm	Concentration risk is the risk associated with the firm's direct exposure to, or the strength or scope of its relationships with, a single client or network of connected clients including counterparties. To ensure that our needs are always met, the company continuously and constantly monitors the stability and liquidity of the banks and other counterparties, single name and connected client concentrations that develop. A contingency strategy will be in place to swap banks and other critical counterparties promptly and effectively if any problems are found.

3.Governance

The Board of Directors is ultimately in charge of the Firm's governance. These obligations include determining the Firm's risk appetite as part of the risk framework and ensuring the continuous performance and growth of the Firms's operations.

The Board is also in charge of the strategy, long-term goals, and financial performance of the Firm as well as the upkeep of a reliable system of internal controls and risk management.



- Directorships

Name	Role at Invinitive Financial UK Limited	Number of External Directorships (for profit organizations only)
Samantha Jo Elliott	Director	0
Alan Robert Macdonald	Director	0
Altin Meleqi	Director	0

4.Own Funds

Table 1 shows a breakdown of Invinitive's regulatory Own funds.

Composition of regulatory own funds (For the year ending 31/12/2023)			
	Item	**Amount (GBP thousands)**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**
1	**OWN FUNDS**	269	
2	**TIER 1 CAPITAL**	269	
3	**COMMON EQUITY TIER 1 CAPITAL**	269	
4	Fully paid-up capital instruments	579	Statement of changes in
5	Share premium	0	
6	Retained earnings	(208)	Statement of changes in
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	(102)	Note 11
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	

Table 2 shows a reconciliation of Invinitive’s regulatory Own funds with its balance sheet from the audited accounts

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial Statements				
		a	B	c
		Balance sheet as in published/audited financial statements	**Under regulatory scope of consolidation**	**Cross-reference to template OF1**
		As at period end	**As at period end**	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial Statements*				
1	Intangible assets	102		Box 11
2	Tangible assets	2		
3	Investments	1		
4	Debtors	115		
5	Cash at Bank	202		
	Total Assets	422		
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial Statements*				
1	Creditors: Amount Falling due	51		
2				
3				
4				
	Total Liabilities	371		
Shareholders' Equity				
1	Called up share Capital	500		Box 4
2	Capital contribution	79		Box 4
3	Profit and loss account	-208		Box 6
	Total Shareholders' equity	371		

4.1 Own Funds Requirement

Invinitive's Own Funds Requirements are determined as the highest of the following five requirements under MIFIDPRU 4.3.2 R:

Requirement	Amount (GBP Thousand)	Additional comments
Permanent Minimum Capital Requirement (PMR)	150	
Fixed Overhead Requirement	38	Based on audited results for the financial year 31st December 2023
(k-CMH)	1	Based on 31st December 2023 results
(k-ASA)	5	
(k-COH)	0	
Total K-factor requirement	6	
Wind-down Cost	38	FOR is considered as a proxy for wind down cost
Pillar 2 requirement	90	
Own funds Threshold requirement (Higher of PMR, FOR, KFR, Wind down cost, Pillar 2 requirement)	150	

Invinitive's Own Funds Requirements are therefore determined by the Permanent Minimum Capital requirement (PMR), i.e., £150,000 which is the highest of the above five.

5. Remuneration

5.1 Approach to remuneration

The Firm's renumeration policy reflects the firm's commitment to promote long term sustainable success. The board ensures these goals are met by rewarding employees in fair and responsible ways and with a clear link to both the performance of the firm and the performance of the employee while also holding statutory and regulatory requirements in high regard.

5.2 Governance

5.2.1 Remuneration Committee

Due to its size, the Firm does not have a remuneration committee so the Management Body fulfils the responsibility for decisions regarding remuneration, taking into account the long-term interests of the Firm, it's shareholders and other stakeholders, and the public interest. The Management Body is comprised of: Alan MacDonald, CEO and Samantha Elliott, COO

5.2.2 Conflicts of Interest

The Firm recognises that conflicts can arise where employees are responsible for determining the remuneration of their own business areas, however the scale of the firm means that this may be unavoidable. The Management Body will be responsible for determining all remuneration packages across the company with approval for their own remuneration sought from others on the Management Body.

To avoid conflicts of interest, variable compensation is not linked to sales or volumes but determined by the employee's performance against set objectives which will take into account a number of different factors including a good standard of compliance, treating customers fairly and quality of services to clients. This will ensure that an employee does not have an incentive to favour their own interests, or that of the Firm to the detriment of a client.

5.2.3 Control Functions

The remuneration of the risk management and compliance functions will be overseen by Management Body. The Management Body will ensure that the method for calculating the remuneration of the compliance function will not or will not be likely to compromise their objectivity.

The scale of the Firm means that employees who hold control functions are not always independent from the business units that they oversee, however they have the appropriate authority to take action where necessary and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The Firm ensures that remuneration packages for control function employees are adequate to ensure that the quality and experienced staff are attracted and that the package is dependent on the achievement of the Firm's objectives and the objectives linked to the business areas that they control.

5.2.4 Material Risk Takers

The Material Risk Takers of the Firm are those employees who could have a material impact on the risk profile of the Firm. Material risk takers include: members of the Management Body, managers of control functions or business units carrying out arranging, managing, advising on or dealing in investments, and those managing a material risk.
Remuneration of material risk takers is reviewed by the Management Body.

5.3 Remuneration Framework

Employees' remuneration consists of fixed remuneration (or a base salary and benefits) and, in some cases, performance related variable remuneration.

The Firm ensures that the fixed and variable components are appropriately balanced and that the fixed element is sufficiently high to allow a fully flexible application of the variable component, including the possibility to pay no variable remuneration if appropriate.

The balance between fixed and variable remuneration has been determined by the Firm's activities and risk and the role of the individual within the Firm.

5.3.1 Fixed Remuneration

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

5.3.1.1 Base Salary

Purpose: Base salary provides a core reward for undertaking the role, positioned at a level needed to recruit and retain the talent required to develop and deliver the business strategy.
Periodic reviews take into account the employee's role, scope of responsibilities, skills and experience and salary benchmarks (where available).

5.3.1.2 Benefits

Purpose: To provide market-competitive benefits to assist employees in carrying out their duties.

Benefits are made up of core benefits which are provided to all employees; and extra voluntary benefits that may be chosen by certain employees which may require contribution through salary sacrifice or other arrangements.

5.3.2 Variable Remuneration

In addition to their fixed remuneration, certain employees may also receive variable remuneration that reflects long term performance of the staff member or performance in excess of that required to fulfil their job description and terms of employment.

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

5.3.2.1 Categories of employees eligible for variable remuneration

The following categories of staff are eligible for variable remuneration:
None

5.3.2.2Annual performance bonus award

We do not currently offer any annual performance bonus

5.3.2.3Other elements of variable remuneration

The following remuneration arrangements may be awarded in certain very limited circumstances:

- Share options - Part or all of an employee's renumeration may be in the form of share options. This is entirely up to the employee.

5.3.3 Assessment of Performance

The Firm will base the total amount of variable remuneration on an assessment of the performance of the employee, the business unit and the Firm's overall results.
When assessing individual performance, financial as well as non-financial criteria will be taken into account, including effective risk management, compliance with regulations and appropriate conduct in line with the Firm's values. Poor performance in non-financial criteria will override financial performance.

The criteria that will determine any variable remuneration will include the following financial criteria:

- The Firm's performance
- Business unit performance

The criteria that will determine any variable remuneration will include the following non-financial criteria:

- Employee performance against objectives
- Employee conduct
- Effective risk management
- Compliance with regulations
- Adherence to the Firm's culture and core values (leadership, teamwork)
- Treating customers fairly
- Quality of service provided to clients
- Achievement of targets relating to environmental, social and governance factors and diversity and inclusion

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

5.3.4 Risk Management

In order to promote effective risk management and discourage risk taking that exceeds tolerated levels, the Firm will consider the following when awarding variable remuneration:

- Key Risk Indicators, assigned to teams and individuals
- Performance against risk objectives set
- Compliance by employees to regulations and best practice

The Firm's risk management strategy, appetite and tolerance is stated in its Risk Framework. Operating within the scope of the Firm's risk framework, including environmental, social and governance factors, is a pre-requisite to the award of any variable remuneration.

5.3.4.1 Ex-ante risk adjustment

The Firm identifies its key current and future risks, monitors and measures then and uses this assessment to determine whether an adjustment to the variable remuneration pool is required. If the level of risk has materially increased, a downwards adjustment to the variable remuneration pool would be applied. These ex-ante adjustments would be made at a firm level, business unit level or functional level.

5.3.4.2 Ex-post risk adjustment

Ex-post risk adjustments may be collective or at an individual level. Risk events and issues are identified and monitored on an ongoing basis and this information is used to assess whether an adjustment is appropriate.

The Firm's remuneration policy contains malus and clawback provisions which enables further conditions on variable remuneration or a reduction in variable remuneration to be imposed before the end of the stated recovery period.

5.4 Quantitative disclosures

5.4.1 Exemption to disclosure

The Company has not provided the remuneration figures for all employees to prevent the disclosure of information for one or two individuals.