1. Introduction

Allx Limited ("Allx" or "the Firm" or "We" or "our") was authorised by the Financial Conduct Authority ("FCA") under reference number 625263 on 16 October 2014 to provide, advice on investment, advising on P2P agreements, arranging bringing about deals in investments, arranging safeguarding and administration of assets, dealing in investments as agent & principal & managing investments.

The company drive is to facilitate European market transactions to a diverse client base that includes corporate treasuries, financial institutions, asset managers, securitisations vehicles and high net worth individuals.

The primary activities are organized in two core interrelated areas:

- Portfolio Management
- Brokerage
- Placing of financial instruments (arranging bringing about deals in investments)

This document sets out the public disclosure under MIFIDPRU 8 for Allx as of 31.12.2022 which represents the end of Allx's most recent financial accounting period.

The annual audited accounts of Allx set 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 Allx.

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 risk management policy of the directors is to set a framework for the Firm that is aimed towards identifying the risks confronted by the Firm and the principles guiding its approach to managing those risks, having regard to the size and activity of the Firm. The analysis refers to those risks identified, and the strategies employed for their mitigation or, where possible, elimination although respecting that risk cannot be fully eliminated.

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 overarching principle of the directors is to have a policy that is able to identify and assess the business risks in achieving the Firm's, and wider group of companies' strategic objectives, establishing appropriate internal controls to manage those risks and ensuring that appropriate monitoring and reporting systems are in place. These controls are to be continually reviewed.

2.2 Risk Management Structure and Operations

The Allx Board has the main responsibility for the management and monitor, supervise and review the Firm's risks together with the quality and effectiveness of risk management, compliance, and regulatory frameworks. For this reason, the Board meets at least on a monthly basis to review any reports and there after any issues reported are escalated by their delegated groups and committees.

The firms' operations are carried out with clear and predictable organizational structure that outlines who is accountable for what tasks, with effective processes in place to identify, manage, monitor and report the risks and the potential harms that the Firm's operations may cause to:

- the Firm's clients and counterparties;
- the markets in which the Firm operates; and
- the Firm itself

2.3 Three Lines of Defense

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

Line of Defense	Description
First Line of Defense	• These are the risk associated with the Business. • Identification, control and management of risks. Operating requirements: roles and responsibilities, supervision, procedures, systems and controls • Identifying Risks Faced and the Risk Taken • Control and Management of Risks
Second Line of Defense	• Independent oversight and monitoring by the risk committee. • Risk Management Framework • Policies and Procedures, Guidance and Training • Monitoring
Third Line of Defense	• This is the Senior Management/Board • Governance • Full accountability for the management of risks

2.4 Risk Assessment

Allx has identified the following core risk categories: strategic, market, credit, liquidity, operational, legal, interest rate, excessive leverage and financial crime.

Allx's profile of these risks is continually evolving and is generally driven by:

- Changes to the market in which we operate;
- Allx's strategies and business objectives and;
- Allx's business/operating models

Allx 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.

ICARA Risk Assessment Summary:

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

Principal Risks	Appetite	Key Drivers	Mitigation
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
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	A margin of 30% is applied to all customer trades All unmatched trades are rejected
Market Risk			
Risk of losses in on and off-balance sheet positions arising from adverse movements in market prices	The Firm does not engage in propriety trading and does not actively seek market exposure.	Volume and complexity of trading Market movements Liquidity	Monitoring and timely mitigation of unmatched positions
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	Operational risk Credit risk events Internal business operating model	Periodic reviews of financial resources Contingency funding arrangements in place Customer collateral held on account
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 Critical technology performance monitored Risk scenario contingency planning Timely escalation and mitigation of identified risks
Legal			
The risk arising from defective transactions, failing to take appropriate measures to protect assets, changes in law and claims resulting in a liability or loss to the firm.	The Firm will appoint external legal advisors however the Firm does not intend to have any appetite for legal breaches	Regulatory regime Legislative framework	Training is provided to all employees PII cover is maintained Regular monitoring of changes in law and the implications to the Firm
Interest Rate Risk			
The risk that interest rates (e.g., Libor, Euribor) and/or their implied volatility will change	The Firm accepts that volatility in interest rates will impact on cash balances and borrowings and has sufficient resources in place	Market movements Liquidity	Entities with whom balances are held are regularly monitored
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 The Firm will have adequate financial resources in place	Operational risk Market conditions Liquidity	Collateral is monitored and trading margin managed Regular reviews of financial resources
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 Financial crime procedures and regular monitoring

3. Governance

The Board of Directors holds the ultimate responsibility of the governance of the firm. These responsibilities include ongoing success and development of the Company's business as well as setting the risk appetite for the Firm as part of the risk framework.

The Board is also responsible for the legal entity's strategy, long term objectives and financial performance and ensuring the maintenance of a sound system of internal controls and risk management.

3.1 Allx's Governance structure

Cristian Caruso is a Director and the Compliance Officer

Marco Novello is a Director

3.2 Directorships

Name	Role at Allx Ltd	Number of External Directorships (for profit organizations only)
Cristian Caruso	Director	2
Marco Novello	Director	0

4. Own Funds

Table 1 shows a breakdown of Allx regulatory Own funds and confirms there are no regulatory deductions

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**	398	
2	**TIER 1 CAPITAL**	398	
3	**COMMON EQUITY TIER 1 CAPITAL**	398	
4	Fully paid-up capital instruments	415	Note 13
5	Share premium	0	

6	Retained earnings	0	
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	17	Note 8
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 Allx'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 Fixed Assets	17		Box 11
2	Debtors	289		
3	Cash at Bank	117		
	Total Assets	423		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial Statements				
1	Creditors	8		
xxx	**Total Liabilities**	8		

Shareholders' Equity				
1	Called up share Capital	415		Box 4
2	Retained earnings	0		
	Total Shareholders' equity	415		

5. Own Funds Requirement

Allx'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)	125	Transitional provision TP2.18R was applied.
Fixed Overheads Requirement (FOR)	20	Based on audited results for the financial year 31st December 2022
(k-NPR)	9	Based on 31st December 2022 results
(k-DTF)	1	
K-COH	0	
Total K-factor requirement	10	
Wind-down Cost	20	
Pillar 2 requirement		
Own funds Threshold requirement (Higher of PMR, FOR, KFR, win down cost, Pillar 2 requirement)	125	

Allx's Own Funds Requirements are therefore determined by the Permanent Minimum Capital requirement (PMR), i.e., £125,000 which is the highest of the above five.

The 'K-factor' approach is a new approach introduced by the IFPR to determine the minimum own funds requirements of an investment firm that is not an SNI. The aim of the K-factors is to provide a tailored and more appropriate method for setting a risk- based minimum own funds requirement for all types of investment firm compared to the CRR regime.

The K-factors relevant to ALLX include the following:

- K-factor requirement calculated on the basis of the firm is dealing on own account (whether on its own behalf or on behalf of its clients) (k-NPR)
- K-factor requirement calculated on the basis of the Daily Trading Flow (k-DTF). DTF is measured as a rolling average over the previous 9 months but excluding the 3 most recent months.
- K- factor requirement calculated on the basis of Client Orders handled (k-COH). COH is measured as a rolling average over the previous 6 months but excluding the 3 most recent months. Which is minimum amount and its less than 1000.

6. Remuneration

6.1 Approach to remuneration

ALLX's compensation program is designed to attract, develop, retain and reward employees for contributing to ALLX's success, whilst maintaining financial stability including a sound capital base for the underlying entity and robust and effective risk management.

6.2 Governance

6.2.1 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.

6.2.2 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.

6.2.3 Control Functions

The remuneration of the risk management and compliance functions will be overseen by the 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.

6.2.4 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.

6.3 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.

6.3.1 Fixed Remuneration

Fixed remuneration is predominantly based upon the employee's professional experience, internal and external parity and organisational responsibility as set out by their job description and terms of employment in supporting the success of ALLX.

6.3.1.1 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).

6.3.1.2 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.

6.3.2 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.

6.3.2.1 Categories of employees eligible for variable remuneration

The following categories of staff are eligible for variable remuneration:

- Traders
- Sales

6.3.2.2 Annual performance bonus award

Purpose: currently there is no staff who has a performance bonus award

6.3.2.3 Other elements of variable remuneration

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

Stock options.

6.3.4 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.

6.3.5 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.

6.3.5.1 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.

6..3.5.2 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.

6.4 Quantitative disclosures

6.4.1 Exemption to disclosure

The Firm is not required to comply with the quantitative disclosures obligations as it would lead to the disclosure of information about one or two people.