Alp Financial Limited
Annual MIFIDPRU Disclosure Report

For the year ended 31 December 2022

Alp Financial Limited
Level 7 One Canada Square
Canary Wharf
London E14 5AA

T: 020 8049 7488
E: info@alpfin.com
W: www.alpfin.com

Contents

1. Overview and basis of preparation

1.1 Business Background

Alp Financial Limited (hereinafter also referred to as ‘AlpFin’ or ‘the Firm’) is incorporated under the laws of England and Wales, with Company Number 10518614 and with a registered office at Level 7 One Canada Square, Canary Wharf, London, England, E14 5AA.

The Firm is authorized by the Financial Conduct Authority (“FCA”) with reference number 804843. AlpFin is a matched principal broker firm. During the year the Firm’s principal activity was to provide online trading facilities to its professional clients via trading platforms, primarily in Contracts for Differences (CFDs), in forex, metals and indices on a non-advisory and execution basis only.

The Firm is a wholly owned subsidiary of Tantinet Limited, a company incorporated in the Cayman Islands and is wholly owned by Mr. Bin Ling.

1.2 Scope of the Report

For the purposes of MIFIDPRU, the Firm is classified as **a non-small non-interconnected (“non-SNI”) firm** as of 31 December 2022.

The Firm has produced this MIFIDPRU Disclosure Report (Report) in line with the rules and requirements of MIFIDPRU 8, as applicable to non-SNI firms. MIFIDPRU 8.7 (Investment Policy) does not apply to this Report as the Firm falls within the exemption in MIFIDPRU 7.1.4R (1).

This Report has been prepared based on the audited financial statements as of 31 December 2022, covering the financial period 1 January 2022 to 31 December 2022.

Unless otherwise stated all figures in this Report are denominated in US Dollars.

1.3 Significant changes since last disclosure period

This is the Firm’s first disclosure under the disclosure requirements under MIFIDPRU 8. As such, there have been no significant changes to the information disclosed since the Firm’s last disclosure period.

1.4 Frequency of Publication and Verification

This Report is published annually, concurrently with the Annual Report and Financial Statements, in accordance with the regulatory guidelines and is available on AlpFin’s website.

This Report was validated, reviewed and approved internally by senior management and the Board of Directors. This Report is not required to be subject to independent external audit, except where data is equivalent to that included in the Annual Report and Financial Statements. Such data has been subjected to external audit in line with the verification process of the Annual Report and Financial Statements process.

2. Risk management objectives and policies (MIFIDPRU 8.2)

2.1 Overview

This section describes AlpFin's risk management objectives and policies for the categories of risk addressed by the requirements of the Firm in the following areas:

- Own funds
- Concentration risk
- Liquidity

AlpFin has established an effective risk oversight structure and the necessary internal organisational controls to ensure that the firm undertakes the adequate risk identification and management, the establishment of the necessary risk register and mitigation plan, the monitoring of the relevant risk and compliance with the applicable legislation and regulations.

The Board meets on a regular basis and receives updates on risk. The Board will review regularly (at least annually) the risk indicators, risk management relevant policies and procedures.

2.2 Three Lines of Defence Model

AlpFin adopts a three lines of defence model to support its risk management framework. Under this framework the Firm ensures principal risks are identified through the application of the below.

First line of Defence
All employees are responsible for understanding operational risk, for appreciating how it can manifest itself in their day-to-day duties and for identifying and escalating any potential risk events. A major component of the identification and measurement of operational risk is the timely notification and reporting of risk events.

Second line of Defence
The Compliance function maintain a level of independence from the first line. They are responsible for providing oversight and challenge of the first line's day-to-day management, monitoring and reporting of risks to both senior management and governing bodies.

Third line of Defence
The Internal Audit function is responsible for providing an independent assurance to both senior management and governing bodies as to the effectiveness of the Firm's governance, risk management and internal controls.

2.3 Material Risk

AlpFin has taken the approach to be risk averse and the Firm takes reasonable steps to manage its risks. This is reflected in its low appetite for taking on risk in its business activities. Risks to income generating capability are mitigated wherever possible, and measures against actual and potential operating risks are taken centrally.

The Material Risks AlpFin faces are:

Operational risk relates to risks to the Firm when running the business. This would include AlpFin's business continuity and disaster recovery solutions in place in order to provide for the continuance or reestablishment of operations in the event of an emergency or significant business disruption. In addition, applicable information security and data privacy systems and controls have been put in place to manage and mitigate any exposure to this area of risk in accordance with industry standards and regulatory requirements.

Conduct risk is the risk that an entity's ability to conduct business will be damaged as a result of its reputation being tarnished, including as a result of regulatory censure. The Firm has policies and procedures in place to manage this risk to the extent possible which include, inter alia, procedures for employee hiring, the taking on of new business and conduct of business rules. It also has policies and procedures to counter fraud and corruption.

Credit risk relates to the risk of failure of a counterparty to perform as contracted. AlpFin may be exposed to counterparty risk primarily from external service providers. Credit risk exposure arising from the placement of deposits with banks is mitigated through the placement of funds with banks with high credit ratings. The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Firm's maximum exposure to credit risk.

People risk is the risk of loss of key staff, lack of skilled resources and inappropriate employee behaviour or actions. These could lead to lack of capacity or capability threatening the delivery of business objections or negative behaviours leading to complaints, regulatory action or litigation.
This risk can arise across all areas of the business as a result of resource management failures or from external factors such as increased competition or material changes in regulation.
Support is provided to the business through its Human Resources team to ensure all potential people risks are mitigated.

Regulatory risk The Firm's business is regulated by the FCA, and a breach of regulations could lead to a fine or disciplinary action against the Firm. The Firm monitors actual and impending changes in regulation in order to assess the impact on its business and plans, to ensure any changes are implemented in a timely manner. The firm has a dedicated Compliance function to provide advice and support the business in maintaining adherence to with the regulatory requirements. Furthermore, monitoring is in place to ensure operational adherence to systems and controls implemented by the firm for regulatory purposes.

3. Governance arrangements (MIFDPRU 8.3)

3.1 Company Governance

The Firm, as a MIFIDPRU Investment Firm, is subject to the organisational requirements in 4.3A.1R of the Senior Management Arrangements, Systems and Controls Sourcebook of the FCA Handbook ("SYSC"). The Firm's ultimate decision making and oversight body, i.e., its management body, is its board of directors (the "Board"). Under SYSC 4.3A.1R, the Firm must ensure that the Board defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Firm, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of the Firm's clients.

The Firm has procedures in place to ensure that members of the Board are selected in accordance with company law and based primarily on the following criteria:

- reputation within the market;

- the possession of the necessary knowledge, skills and experience to perform the relevant duties;
- whether their addition will complement the Board's collective knowledge, skills and experience in relation to the Firm's activities, including the main risks it faces; and
- diversity of viewpoints, backgrounds, experiences and other demographics.

The Firm ensures that members of the Board do not hold more directorships than is appropriate taking into account individual circumstances and the nature, scale and complexity of the Firm's activities.

3.2 Diversity

AlpFin is committed to advancing diversity, equity and inclusion ("DEI"), and has adopted a Diversity Policy in relation to its Board. The promotion of a diverse Board makes prudent business sense and is considered to make for better corporate governance. The Firm's policy to promote Board diversity seeks to maintain a Board comprised of talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds. For the purposes of Board composition, diversity includes, but is not limited to, business experience, geography, age, gender and ethnicity, as well as culture and religious beliefs.

The Firm is committed to increasing Board diversity without compromising on the calibre of the directors. AlpFin maintains that appointments to the Board will be made on a merit-based system within a diverse and inclusive culture which solicits multiple perspectives and views and is free of conscious or unconscious bias and discrimination. When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, the Firm considers candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board.

3.3 The Management Body

AlpFin's management body is the Board of Directors. The below table provides the number of external directorships held by each member of the management body. It excludes directorships held in organisations which do not pursue predominantly commercial objectives and directorships of entities within the Group.

Board Member	Position at AlpFin	Number of Directorships Held	
		Executive	Non-Executive
Bin Ling	Director	1	0
Si Chai	Director	2	0

3.4 Exemption of risk, remuneration and nomination committees

MIFIDPRU 7.3 (risk, remuneration and nomination committees) does not apply to AlpFin as it is qualified for the exclusion in MIFIDPRU 7.1.4R (1) (a). Therefore, the Firm's board does not have separate executive committees to deal with separate risks matters, i.e. Risk Committees, Remuneration Committees and Nomination Committees.

4. Own Funds(MIFIDPRU 8.4)

As at 31 December 2022, AlpFin maintained own funds as follows:

Composition of regulatory own funds			
	Item	**Amount (USD thousands)**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**
1	**OWN FUNDS**	2,012.5	Balance Sheet
2	**TIER 1 CAPITAL**	2,012.5	Balance Sheet
3	**COMMON EQUITY TIER 1 CAPITAL**	2,012.5	Balance Sheet
4	Fully paid up capital instruments	-	
5	Share premium	-	
6	Retained earnings	(488.3)	Balance Sheet
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	488.3	Balance Sheet
19	CET1: Other capital elements, deductions and adjustments	-	
20	**ADDITIONAL TIER 1 CAPITAL**	0	
21	Fully paid up, directly issued capital instruments	-	
22	Share Premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	**TIER 2 CAPITAL**	0	
26	Fully paid up, directly issued capital instruments	-	
27	Share Premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	
Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements			

5. Own Funds Requirements (MIFIDPRU 8.5)

AlpFin is required to at all times maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the minimum requirement of capital the Firm is required to hold, taken as the higher of the PMR, FOR and KFR.

The below illustrates the core components of AlpFin's own funds requirements:

Basic Own Funds Requirements	FY22 (USD thousands)
Higher of:	
PMR	229.4
FOR	591.3
KFR:	197.1
• Sum of K-AUM, K-CMH, and K-ASA	-
• Sum of K-COH and K-DTF	194
• Sum of K-NPR, K-CMG, and K-TCD	3.1

AlpFin is also required to comply with overall financial adequacy rule ("OFAR"), according to MIFIPDRU 7.4.7R. This is an obligation on AlpFin to hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- The Firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- The Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

AlpFin determines that the FOR is sufficient to mitigate the risk of a disorderly wind-down and has therefore identified that it is not required to hold 'additional own funds required for winding down', above the FOR.

AlpFin's own funds threshold requirement is the sum of its FOR and its additional own funds required for winding down. This is the amount of own funds that AlpFin is required to maintain at any given time to comply with the OFAR.

This process is documented in the ICARA and presented to, and ratified by, the Management Committee at least annually.

6. Remuneration Policies and Practices (MIFIDPRU 8.6)

6.1 Overview

As a Non-SNI MIFIDPRU Investment Firm, AlpFin is subject to the basic and standard requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook ("SYSC")). The purpose of the remuneration requirements is to:

- Promote effective risk management in the long-term interests of the Firm and its clients;
- Ensure alignment between risk and individual reward;
- Support positive behaviours and healthy firm cultures; and

- Discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of AlpFin's remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, AlpFin recognises that remuneration is a key component in how the Firm attracts, motivates, and retains quality staff and sustains consistently high levels of performance, productivity, and results. As such, the Firm's remuneration philosophy is also grounded in the belief that its people are the most important asset and provide its greatest competitive advantage. AlpFin is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude, and results.

6.2 Qualitative Disclosures

6.2.1 Governance

The purpose of the Remuneration Code is to ensure firms establish, implement and maintain remuneration policies, procedures and practices that are consistent with, and promote, sound and effective risk management. The Remuneration Code applies to 'Remuneration Code Staff' ('Code Staff'). This includes senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the firm's risk profile.

In order to take a proportionate approach given the size and non-complex nature of both the activities undertaken and the organisation, the Firm has decided that its Board will undertake the role which would otherwise be undertaken by a remuneration committee. The Board will be responsible for setting the Firm's policy on remuneration.

The Firm's Remuneration Policy will be reviewed, at least, annually by the governing body to ensure that it remains consistent with the Remuneration Code Principles and the Firm's objectives. The governing body will use all information available to it in order to carry out its responsibilities under the code, for example, information on risk and financial performance.

6.2.2 Link between pay and preformation

Remuneration at Alp Financial is made up of fixed ('salary') and variable ('bonus') components. Salary is set in line with the market at a level to retain, and when necessary attract, skilled staff. Bonuses are wholly at the discretion of the Board and any bonus paid is designed to both reflect the performance of a person in contributing to the success of the firm and their success in meeting, or exceeding, targets that have been set by the firm on an individual basis.

Where remuneration is performance-related then in addition to the performance of the individual, the Firm will also take into account the performance of the overall results of the firm. Performance assessment will not relate solely to financial criteria but will also include compliance with regulatory obligations and adherence to effective risk management. In keeping with the Firm's long term objectives, the assessment of performance will take into account longer-term performance and payment of any such performance related bonuses may need to be spread over more than one year to take account of the firm's business cycle.

The measurement of financial performance will be based principally on profits and not on revenue or turnover. Awards will reflect the financial performance of the Firm and as such variable remuneration may be reduced or eliminated where subdued or negative financial performance occurs. The Firm will not ordinarily make any variable remuneration awards should the firm make a loss. In exceptional circumstances such payments may need to be considered.

6.2.3 Type of Material Risk Takers (MRTs)

The Firms has identified senior management of the Firm is the MRT under SYSC19.5.

6.3 Quantitative Disclosures

6.3.1 Aggregate remuneration

The following information relates to the year ended 31 December 2022.

During the year, a total of 2 staff were categorised as MRTs. The Company has relied upon the disclosure exemption permitted in MIFIDPRU 8.6.8R(7) on the basis that disclosure of fixed and variable remuneration would result in the disclosure of information about one or two people.

Total Remuneration (USD) 2022		
Senior Managers	**Other members of staff designed as MRTs**	**Total**
0	N/A	0

No guaranteed variable remuneration or severance payments were made to the MRTs during 2022.