Hirose Financial UK Ltd.

MIFIDPRU DISCLOSURES 2023

Contents

1. Introduction

1.1 Background

The Investment Firms Prudential Regime (IFPR) sets out requirements for investment firms to disclose additional information relating to their risk management approach, capital adequacy, remuneration approaches and board diversity. This represents an evolution from its predecessor regime, the Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR), usually referred to together as CRD IV and is intended to help enable stakeholders, including investors and counterparties to make informed decisions about their relationship with Hirose Finance UK Ltd ("**HFUKL**" also referred to as "the Company"). on the basis of the harm that HFUKL may pose to customers and markets. This supports effective market discipline and facilitates constructive engagement by all stakeholders.

This information is known as our "MIFIDPRU Disclosures" and is intended to contain an overview of the following aspects of HFUKL as at 31 March 2023:

- Risk management objectives, policies and processes for managing material risks identified through the course of assessing HFUKL's own fund requirements (MIFIDPRU 4), concentration risk (MIFIDPRU 5) and Liquidity (MIFIDPRU 6);
- Internal governance arrangements and a summary of the policy promoting diversity in HFUKL's Board and its application;
- Own Funds and Own Funds Requirements, including its K-Factor and Fixed Overheads Requirements; and
- The key characteristics of HFUKL's remuneration policy and practices and specific quantitative information in support of this.

1.2 Scope of application

The MIFIDPRU disclosures set out in this document are provided solely in respect of HFUKL which is a non-SNI MIFIDPRU investment firm.

MIFIDPRU includes further disclosure requirements for Non-SNI MIFIDPRU firms, should certain criteria set out in SYSC 19G.1.1(R) and MIFIDPRU 7.1.4(R) not be met. These disclosure requirements include additional qualitative and quantitative remuneration disclosures as set out within MIFIDPRU 8.6.8(6) and MIFIDPRU 8.6.6(4) and investment policy disclosures as set out within MIFIDPRU 8.7.

The Firm is a CFDs Matched Principal Firm and its main risks have been identified as Operational Risk, Credit Risk, Market Risk and Liquidity Risk. The Firm is required to disclose its risk management objectives and policies for each separate category of risk which include the strategies and processes to manage those risks; the structure and organisation of the relevant risk management function or other appropriate arrangement; the scope and nature of risk reporting and measurement systems; the policies for hedging and mitigating risk and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigating controls.

The Firm has assessed its Operational, Credit, Market and Liquidity Risks in its ICARA where it also sets out appropriate actions to manage those risks.

The Firm has an Operational Risk framework (described below) in place to mitigate Operational Risk.

The Firm's main exposure to Credit Risk is the risk that fees cannot be collected. We regard Credit Risk to be low. The Firm holds all cash balances with banks that have been awarded high credit ratings.

Market Risk exposure has been assessed by the Firm and is limited to the Firm's exposure to any cash amounts held by the Firm in a foreign currency. Most foreign currency is converted into GBP on a regular basis and accordingly we deem Market Risk exposure to be low.

The Firm conducts Liquidity Scenario and Stress Tests on at least an annual basis. These stress tests incorporate all likely sources of Liquidity Risk and assess their combined impact on the Firm's cash flows, liquidity position, profitability and solvency.

1.3 Frequency of disclosure

This disclosure is subject to review and update at least annually. Regulatory capital requirements and firm-level own funds set out within this disclosure reflect HFUKL's position as at 31 March 2023. Other disclosures covering HFUKL's approach to assessing the adequacy of its own funds are based on the HFUKL Internal Capital Adequacy and Risk Assessment (ICARA) review dated 10 November 2023. HFUKL will reassess the need to publish some or all disclosures more frequently than annually in light of any significant change to the relevant characteristics of its business including disclosure about capital resources and adequacy, and information about risk exposure and other items prone to rapid change. If required, this disclosure would be published on HFUKL's website.

1.4 Board approval

These disclosures were approved for publication by the HFUKL Board (the Board) on 10 November 2023. The Board has verified that the disclosures are consistent with formal policies and are satisfied with the adequacy and effectiveness of the risk management arrangements.

1.5 Company description

HFUKL was established in 2010 and is a subsidiary of Hirose Tusyo Inc. HFUKL is a company authorised and regulated by the Financial Conduct Authority in the United Kingdom ("FCA") to undertake the regulated activities of Dealing in investments as principal and Arranging (bringing about) deals in investments. The Company provides investment services (i.e., trading platform) to individual and corporate retail and professional clients.

2. Governance arrangements

2.1 Governance

The Board of directors of HFUKL comprise Shion Ikizake, Michael Campbell, Masaaki Tomonobe and Siok Bee Seah.

The Board are responsible for ensuring that the systems and controls implemented satisfy the applicable legal and regulatory framework it operates under. The Board meets periodically to review the management information relating to the conduct of the business and assess the current and emerging risks faced by the business and operates as the Firm's management body. The Board will set the Company's strategy, objectives and overall direction and will oversee and monitor the Executive Committee's decision-making.

2.2 Duties of the Board

Two specific areas of compliance risk receive the Board's particular focus, in the context of identifying investment opportunities and investment management of client assets:

- ❖ Conflicts of interest which may arise where there could be a mismatch of interests between:
    - the Company's interests and those of a client;
    - one client over another; or
    - an employee and a client.

- ❖ Financial crime risk:
    - The Board is responsible for ensuring that systems and controls adequately address this risk and all other current and emerging risks.

2.3 Frequency of Board meetings

As a minimum, formal Board meeting will take place on a quarterly basis to discuss current performance, strategy, and business developments. Financial forecasts projected three years forward will be reviewed annually and revised if there is a material change in the business environment during the year. Ad-hoc Board meetings are arranged as deemed necessary.

2.4 Senior Management and how SMCR is applied within the Company

HFUKL senior manager functions (as described in the FCA Handbook) to be performed by everyone listed below are noted after each name as they are recorded in the UK FCA Register.

Each individual has been assessed by HFUKL as competent to discharge each role as described under the UK Senior Manager and Certification Regime (SM&CR).

Senior Management Functions	Name	Position
SMF 3 (and also CASS certified function)	Shion Ikizake	Managing Director
Non-executive Chairman SMF 9	Masaaki Tomonobe	Chairman
SMF 3 & 16	Michael Campbell	Executive Director Compliance Officer
SMF 3	Seah Siok Bee	Executive Director
SMF 16	Emi Clarke	Anti-Money Laundering Officer

3. Risk management objectives and policies

3.1 Risk management principles

HFUKL's principles of risk management are designed to accomplish the following objectives:

- Provide a coherent foundation for effective management of key risks, including liquidity, counterparty, compliance risk, market risk, financial crime and operational & security risks.
- **Iden**tify emerging risks to HFUKL, mitigate these risks on a timely basis and maintain satisfactory capital levels to ensure that the Company's sustainability on a stand-alone basis is always maintained.
- Implement sound risk practice into the Company's accounting and financial reporting process.

HFUKL operates a "three lines of defence" model for risk management with clearly defined roles and responsibilities including the achievement of fair outcome for our clients.

First Line of Defence

The first line of defence is the operations function, day-to-day responsibilities, encapsulates marketing, business operations and customer services, and is responsible for delivering an effective control framework for their activities. This includes the identification and management of all risks to ensure individual business lines are operating within Hirose UK 's pre-established risk appetite standards. Further, the operations function maintains the monitoring of Key Risk Indicators ("KRIs") and Management Information ("MI").

The first line of defence also includes training of all Hirose UK staff. Focus is placed on customer outcomes, regulatory requirements, and the company's key Risk Management processes and tools.

Second Line of Defence

The second line of defence comprises those functions responsible for independent risk management and compliance oversight. The Risk and Compliance Function is the responsibility of the Head of Compliance who reports to the Board. Risk and Compliance is responsible for proposing to the Board appropriate objectives and measures to define the Company's risk appetite following the completion of the annual risk assessment exercises. Further, Risk and Compliance undertakes responsibility for constructing and regularly updating our full suite of policies and procedures. Finally, Risk and Compliance independently monitor the risk profile of the company and individual business lines.

Third Line of Defence

The third line is the independent assurance provided by the Parent company's internal audit responsible for providing assurance to the Board and senior management on the adequacy of design and operational effectiveness of the systems of internal controls.

3.2 Risk management framework

The key components of risk management within HFUKL are:

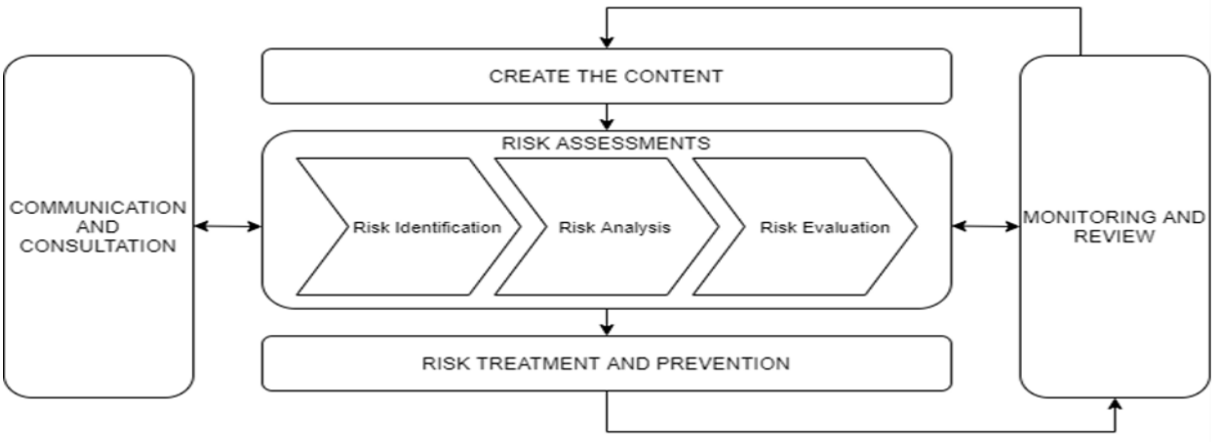
- Risk identification
- Risk assessment
- Risk control and remediation
- Risk monitoring and
- Risk reporting

Risk management is a responsibility of all employees with specific risk responsibilities being allocated to different groups and levels of employee seniority within the Company. Risk management is not a stand-alone discipline but requires integration with existing business processes such as business planning, to provide the Company with the greatest benefits.

Risk Management encompasses the culture, processes and structures that are directed towards realising potential opportunities whilst managing potentially adverse effects, which involves the following key steps:

❖ Communicate and consult
❖ Establish the context
❖ Identify risks
❖ Analyse risks
❖ Evaluate risks
❖ Deal with the risks
❖ Monitor and review

The Risk Management Process



This process is performed across the organisation, reflecting a "top-down" and a "bottom-up" approach to risk management.

The Risk Register

HFUKL maintains a Risk Register that contains key risks faced by HFUKL, based on an enterprise-wide risk assessment. The Risk Register is a living document and reviewed at quarterly Risk Committee meetings.

Risk Assessments

HFUKL undertakes annual enterprise-wide risk assessments to identify and assess the risks faced by the business from operational, strategic, and regulatory perspectives.

As set out above HFUKL will undertake various risk assessments to identify and assess the risks it might face, which will be used to update the risk register. The following areas are likely to be the subject of an assessment:

- **Financial Crime Risk Assessment** – to ensure HFUKL understand and meets its financial crime requirements.
- **Regulatory Risk Assessment** – to conduct a "gap analysis" to ensure HFUKL is continuing to operate in accordance with its regulatory requirements and to ensure it remains up to date with changing regulations and rules. These assessments are generally undertaken at the time of new regulations being introduced to the industry.
- **Operational assessment** – to assess HFUKL operational and systems needs are being met.
- **IT and Data Security** – to ensure data resilience and cyber security requirements are being met within HFUKL.

As with all these issues, HFUKL adopts a risk-based approach and prioritises accordingly, considering the size, scope and nature of the business and its client base. HFUKL also continues to take advice and guidance from its internal Risk, Compliance and Legal Functions and external regulatory and legal advisors.

Effectiveness of risk management

The Executive Committee is responsible for the effectiveness of risk management, and it is reviewed regularly at the Risk and Compliance Committee meetings.

3.3 Risk Appetite

Risk appetite defines the risks that the business is willing to accept in pursuit of its strategic objectives. The risk appetite statement reflects the business strategy and all business activities; capacity to take on risk; the resources and technology required to manage and monitor risk exposure; and defined risk tolerances measured on both a quantitative and qualitative basis.

The overall risk appetite of HFUKL is low.

The risk appetite statement is an expression of how much risk HFUKL is willing to take. Some risks must be taken, but these are managed to prevent unnecessary risk taking. Other risks must be avoided such as harm to clients or failure to comply with relevant regulation.

HFUKL's Board has the ultimate responsibility for the development of appropriate strategies, systems, and controls for the management of risks within the business. The risk appetite statement is reviewed at least annually, or more often as deemed appropriate, as part of the ICARA review process and approved by the Board. This is to ensure that the Firm's risk appetite continues to be aligned with its objectives.

Apart from the internal controls implemented, this low risk appetite is also reflected in the services HFUKL offers, which are platform services to retail and corporate clients, largely in lower risk jurisdictions.

3.4 ICARA

ICARA is a process of ongoing identification, monitoring and mitigation of the harms that a firm may pose to itself, its clients and the markets it operates in from both its ongoing business operations and those that may arise from winding down its business. It is also intended to identify the amounts and spread of types of capital and liquid assets considered adequate to cover unmitigated harms that HFUKL may cause itself, its clients, and the markets it operates in. HFUKL is required to complete an ICARA at least on an annual basis. Further details on the ICARA process are set out within Section 5 'Own funds and own funds requirement'.

Outputs from these activities support HFUKL's assessment of the adequacy of its capital and liquidity. The ICARA is used within the business to support decision-making processes, identify potential risk exposures and implement appropriate mitigants. Should business plans or significant re-positioning of the HFUKL business model or activities require it, interim reviews will be undertaken.

4. Key Harms and Risks

MIFIDPRU 8.2.1 requires HFUKL to disclose its risk management objectives and policies for the categories of risk addressed by:

- (1) MIFIDPRU 4 (Own funds requirements);
- (2) MIFIDPRU 5 (Concentration risk); and
- (3) MIFIDPRU 6 (Liquidity).

4.1 Key Harms and Risks identified within MIFIDPRU 4 – Own funds requirements

HFUKL has identified and assessed the following categories of risk within its assessment of own funds requirements:

Operational Risk

Operational risk is the risk of loss or negative impact to HFUKL resulting from inadequate or failed internal processes, people and systems or from external events and reflects the risk that inherently arise from HFUKL's operations. Where operational risk events occur, they carry the potential for harm to one or a combination of HFUKL's own clients, the markets it operates within, as well as to its business performance, operations and standing with stakeholders although as HFUKL has a closed book of business with an annually declining volume of customers, the operational risk scenarios applicable to HFUKL are limited in scope.

Operational risks have been identified through assessments and scenario analysis. With HFUKL's business model, the Company is subjected to a variety of operational risks such as, but not limited to; technology, people, external events or processes and procedures that are not as effective as originally designed. Relevant risks are identified and captured in the risk register including Complaints / Claims, Fraud / Unauthorised Payments, Dealing Errors, Money Laundering / Terrorist Financing, IT Risk, Data Breaches / GDPR Fines

Sources of operational risk are monitored through HFUKL's risk register. Components of HFUKL's Risk Framework such as the risk strategy, risk appetite and policies set out the objectives, direction, limits and tolerances within which the Directors expect the business to operate. Other components of the RMS also support the management of operational risk across HFUKL, with policies, procedures and processes in place to identify, assess, control and remediate, monitor and report on operational risk

Risk appetite statement: HFUKL has a low appetite for operational risk but recognises that the Company must accept some operational risk, because it is impossible to eliminate entirely. The Company strives to maintain a regime of operational efficiency, continuity of service and reliability which matches the Company's commitment to minimising harm to clients, the integrity of the market and loss to the Company. Refer to the table in Section 1.6 where the Firm attempts to quantify the likely impact of the significant operational risks crystalising.

Market Risk

Market risk is the risk of losses arising from adverse price movements in financial assets. Our foreign currency cash, including USD and EUR, is at a minimum.

Risk appetite statement: We automatically hedges all client positions. Systems and controls and other protections to reduce the possibility and extent of customer negative balances. In addition, a parental guarantee to write off any client negative balances, in accordance with negative balance protection rules. We are not exposed to the level of foreign exchange which potentially have an impact on our business.

Credit Risk

Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments or a customer not paying its fees.

Risk appetite statement: HFUKL has a low appetite as HFUKL does not typically make loans to borrowers, and we hedge all customer positions automatically. The firm has in place systems and controls to alleviate this risk and we have a parental guarantee to cover any losses if they were to occur and to make good any material loss that would affect the company's capital resources.

Business and strategic risk

This is the risk associated with the fluctuating business cycles and economic conditions over a period and, if these business or economic conditions deteriorate over time, the ability of the Company to carry out its business plan and strategy or raise new capital in unfavourable conditions.

Risk appetite statement: Hirose UK always seek to be well capitalised, and We are securely maintaining a buffer above the minimum regulatory capital requirement, to help withstand stress and provide security for customers and market counterparties in the event of a wind down.

4.2 Key Harms and Risks identified within MIFIDPRU 5 – Concentration risk

Concentration risk is that associated with the Company's exposure to sectoral, geographic and entity or obligor concentrations.

Risk appetite statement: Hirose UK has a low appetite. Hirose UK continues to grow its business with a focus on professional and eligible counter parties who provide stable transactions volumes throughout the economic cycle. A seasoned sales executive (B2B) has recently been hired to increase the number of institutional professional and eligible counterparty clients.

HFUKL has FCA permission to hold Client Money and Client Assets. We are currently classified as a CASS Medium firm. Given the low level of client money held at any one time, we do not believe there is any concentration risk in having only one segregated client money account with our business's corporate bankers Barclays and Citibank.

4.3 Key Harms and Risks identified within MIFIDPRU 6 –Liquidity risk

This is the risk of the Company failing to meet its short-term liabilities as they fall due.

Risk appetite statement: Hirose UK has a low appetite for liquidity risk. It always maintains a minimum liquidity adequacy requirement and maintains healthy buffer of +10% before Earlier Warning Indicators are triggered. We also have a financial support from our parent in place. Our parent, Hirose Tusyo Inc.'s rating as at July 2023 was + BBB (https://hirose-fx.co.jp/category/company/disclosure/risk_info.html).

5. Own funds and own funds requirement

5.1 K-Factor and Fixed Overheads Requirement for HFUKL

HFUKL is required to disclose the K-Factor requirement and the fixed overhead requirement (FOR) amounts calculated for compliance with the own funds' requirement set out in MIFIDPRU 4.3.

Own Funds Requirement	31-Mar-23
Permanent Minimum Requirement (PMR)	£190,000
Fixed Overheads Requirement (FOR)	£108,117
K-factor Requirement (KFR)	£30,000
Own funds requirement (Highest of PMR, FOR and KFR)	£190,000

5.2 HFUKL CAPITAL K-factor requirement (KFR)

The K-factor requirement (KFR) is the minimum capital requirement based on FCA-prescribed quantitative indicators representing specific risks that investment firms pose to their clients, the markets in which they operate, or to themselves. Below are the K-factors relevant to HFUKL:

- K-CMH (client money held) addresses the risk of potential harm where an investment firm holds money for its customers taking into account the legal arrangements in relation to asset segregation and irrespective of the national accounting regime applicable to client money.
- K-COH (client orders handled) addresses risks of harm to clients when providing the reception and transmission of client orders and execution of orders on behalf of clients.
- K-DTF (daily trading flow) is based on transactions recorded in the trading book of the investment firm dealing on own account, whether for itself or on behalf of a client, and the transactions that an investment firm enters through the execution of orders on behalf of clients in its own name
- K-TCD (Trading counterparty default) investment firm's exposure to the default of their trading counterparties.

HFUKL has followed regulatory guidance in assessing the K-factor requirements, with the results shown in Table 5.2.

Table 5.2: K Factor requirements

K-factor requirements	31-Mar-23 (£'000)
K-CMH	6
K-COH	11
K-DTF	11

K-TCD	2
Total K-factor requirement	30

5.3 Approach to assessing adequacy of own funds

HFUKL's ICARA identifies the amounts and spread of types of capital and liquid assets considered adequate to cover unmitigated harms that HFUKL may cause itself, its clients, and the markets it operates in. This is achieved through:

- An assessment of the HFUKL business strategy and ongoing operating activities. The extent to which this poses harm to HFUKL, its clients and the markets it operates within is assessed and quantified through ICARA scenarios, which identifies and assesses plausible, yet material manifestations of those harms and quantifies any required capital for harms that are not fully mitigated by existing controls and processes. This assessment is conducted using a combination of internal risk control self-assessment and internal and external risk event risk data and expert judgement.
- Capital and Liquidity Planning and Stress-testing, which identifies an appropriate range of adverse circumstances of varying nature, severity and duration relevant to the HFUKL risk profile, business model and strategy. This assesses how HFUKL, through application of recovery plans, can recover from such risks on a forward-looking basis and to ascertain whether it holds sufficient capital and liquidity to withstand such shocks.
- An assessment of the level of capital and liquidity required to support an orderly wind down of HFUKL that minimises potential harms to itself, its clients and counterparties.

The ICARA approved by the Board in November 2023 sets out the business model and risk appetite of the Company and the level of capital required to help mitigate risks. The document demonstrates that HFUKL has sufficient capital and liquid resources to support its activity and, even after the occurrence of deep shocks, would expect this to continue into the future. The conclusion of the ICARA process is that HFUKL has sufficient financial resources in terms of both capital and liquidity, to ensure that there is no significant risk that its liabilities cannot be met as they fall due.

The Board has continued to review its liquidity and capital resources against its requirements and as a result the Board remains satisfied that as required by MIFIDPRU 7.4.7R, the Company holds own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

(a) 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

(b) the firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

5.4 Own funds – Capital resources

At 31 March 2023 and throughout the year, HFUKL has complied with its individual capital requirements. The table below summarises the total own funds for HFUKL as at 31 March 2023.

Composition of regulatory own funds			
No	**Item**	**Amount (£'000's)**	**Source***
1	OWN FUNDS	2,712	
2	TIER 1 CAPITAL	2,712	
3	COMMON EQUITY TIER 1 CAPITAL	2,712	
4	Fully paid-up capital instruments	6,317	Note 16 financial statements
5	Share premium	-	
6	Retained earnings	-3,605	Statement of Changes in Equity
7	Accumulated other comprehensive income	-	
8	Other Reserves	-	
9	Adjustment to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-) Total deductions from CET1		
12	CET1: Other capital elements, deductions and adjustments	-	
13	ADDITIONAL TIER 1 CAPITAL	-	
14	Fully paid up, directly issued capital instruments	-	
15	Share premium	-	
16	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1 CAPITAL	-	
17	Additional Tier 1: Other capital elements, deductions and adjustments	-	
18	TIER 2 CAPITAL	-	
19	Fully paid up, directly issued capital instruments		
20	Share premium		
21	(-) TOTAL DEDUCTIONS FROM TIER 2		
22	Tier 2: Other capital elements, deductions and adjustments		

*Based on reference numbers of the balance sheet notes or primary statements in the audited financial statements

MIFIDPRU 8 requires Hirose Financial UK Ltd to reconcile its Own Funds to the balance sheet in the audited financial statements. Table 5.3 below provides the reconciliation as of 31 March 2023:

Table 5.3: Reconciliation of Own Funds with Balance sheet

Own Funds and Balance Sheet Reconciliation	31-Mar-23 (£'000)
Assets - Breakdown by asset classes	
Intangible assets	0
Tangible assets	4
Investments	0
Current assets	2,786
Total Assets	2,790
Liabilities - Breakdown by liability classes	
Creditors: amounts falling due after more than one year	78
Creditors: amounts falling due within one year	
Provisions for liabilities	
Pensions and similar obligations	
Total Liabilities	78
Net assets	2,712
Capital and reserves	
Called up share capital	6,317
Share premium account	
Capital contribution	
Other reserve	
Profit and loss account	(3,605)
Total Shareholder's Equity	2,712

6. Remuneration disclosure

6.1 Background

This section sets out the remuneration related disclosures for HFUKL. This document provides details of this remuneration policy and satisfies the remuneration disclosures for the year ended 31 March 2023.

The remuneration policies and practices of HFUKL are governed by the MIFIDPRU rules.

MIFIDPRU's remuneration code is based on the proportionality principle and the disclosure requirements are based on balance sheet assets of entities on solo basis.

6.2 Remuneration committee and oversight

HFUKL has established a remuneration committee consisting of board members. The committee has responsibility for taking a company-wide perspective on the principles and parameters of remuneration, and for oversight of the remuneration for specified senior executives.

The remuneration policy and compensation for individuals is set with an appropriate level of challenge and independence for the subsidiary of a Japanese listed company.

Periodically, Hirose Financial UK Ltd receives independent advice on technical executive remuneration issues.

The Board and committee take full account of Hirose Financial UK Ltd's strategic objectives in setting the remuneration policy and the Board is mindful of its duties to shareholders and other stakeholders. In making decisions on remuneration, senior management seek to preserve shareholder value by ensuring the successful recruitment, retention and motivation of employees.

No individual is involved in decisions relating to his or her own remuneration.

6.3 Pay and performance

Hirose Financial UK Ltd's remuneration is made up mainly of fixed pay, i.e., salary and benefits, and performance related pay which are designed to reflect performance against a range of quantitative and qualitative targets.

The remuneration package is structured in a way that the fixed element is sufficiently large to enable the company to operate a fully flexible and discretionary bonus policy.

Hirose Financial UK Ltd currently sets the variable component in a manner which takes into account individual performance, performance of the individual's business unit and the overall results of Hirose Financial UK Ltd as a whole.

Staff performance is formally evaluated annually. The evaluations also consider the staff member's contribution in promoting sound and effective risk management where appropriate.

Gender neutrality is a core feature of our approach to remuneration, to support equal pay for our employees for equal work, or work of equal value.

6.4 Aggregate quantitative information on remuneration

Hirose Financial UK Ltd has undertaken 'quantitative' as well as 'qualitative' test of material risk-taking in drawing up a Remuneration Code Staff list for Hirose Financial UK Ltd.

Hirose Financial UK Ltd's Code Staff is a split between senior management and other members of staff whose actions have a material impact on the risk profile of the firm.

Hirose Financial UK Ltd Code Staff employees have been identified as employees drawn from categories of staff including:

- Senior management and risk takers
- Staff engaged in control functions
- Key Function Heads

Qualitative information disclosures

In line with MIFIDPRU requirements, Hirose Financial UK Ltd has identified Material Risk Takers (MRTs), staff whose professional activities have a material impact on the risk of the Group. A total of four MRTs were identified in accordance with SYSC 19G.5 for the financial year 2023 and the total remuneration of these is given in Table 6.1 below.

Table 6.1: Total amount of remuneration awarded to MRTs

	MRTs	Non-MRTs	
	Senior Management	Other	Total
Number	4	3	**7**
Fixed Remuneration - £'000	58	134	**192**
Variable Remuneration - £'000	0	0	**0**
Total Remuneration - £'000	**58**	**134**	**192**

6.5 Guaranteed variable remuneration and severance pay

The variable remuneration programme is flexible to allow the firm to respond to changes in market conditions and to maintain its pay-for-performance approach. Hirose Financial UK Ltd did not award any guaranteed variable remuneration during the financial year.

Additionally, no severance payment awarded during the financial year.

Issued on 10 November 2023 by Hirose Financial UK Ltd. Authorised and regulated by the Financial Conduct Authority, firm reference number 540244.