Hobart CAPITAL MARKETS LLP

MIFIDPRU Disclosures

31st March 2025

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1. Introduction

The Investment Firms Prudential Regime ("IFPR") came into force on 1 January 2022 to provide a new framework for the prudential regulation of UK investment firms.

Hobart Capital Markets LLP ("Hobart", "the Firm") is a non-SNI MIFIDPRU investment firm. Hobart is authorised and regulated by the FCA.

The regime is implemented through the "MIFIDPRU" chapter of the FCA Handbook and references in this document will relate to the rules within that chapter.

A key requirement of the regime is the public disclosure by firms of information explaining the firm's approach to governance and remuneration, as well as its prudential position.

The disclosures are as at 31st March 2025 (the "Reference Date") in line with the last set of published financial statements for the Firm.

2. Governance

2.1 The Hobart Executive Committee

The Hobart Executive Committee ("Exco") is the governing body of the Firm and is responsible for providing oversight and management of the Firm. Exco is also responsible for managing the Firm's risks and setting the expectations of culture and conduct within the Firm. Exco meets at least four times per year, and is comprised of the Senior Managers of the firm including both Founder Partners, the Head of Trading and the Firm's Chief Operating/Compliance officer.

2.2 Conflicts of interest policy

The firm aims to take all appropriate steps to identify conflicts of interests between itself and its clients and between one client and another, and to prevent conflicts of interest from adversely affecting the interests of clients.

It seeks to put in place arrangements to manage conflicts and will only use disclosure where all other means of managing the conflict are impractical.

Senior management ensure that the business is run in a manner consistent with this policy and implement appropriate procedures to ensure the same.

Exco receives on an annual basis a written report from the Compliance Officer on conflicts of interest which have been managed under the terms of this section of the policy.

3. Risk Management

3.1 Business of the firm

The firm provides both advisory and execution only dealing service to medium to large corporate entities and retail clients. The firm also provides services to Eligible Counterparties, Professional and Retail clients, as appropriate.

The firm's approach to the risk represented by this business is to make sufficient capital provision to prevent any harm which might reasonably be foreseen as emerging, either due to a failure of control or a new risk which had not been fully assessed. The firm is committed to rectify any harm which does emerge through any failure of the firm.

3.2 The Firm's Risk Appetite

The firm has a low appetite for risk.

This appetite is consistent with the firm's business model, which is itself low risk. Specifically, the firm:

- deals with low risk clients who are generally institutional (and regulated) firms or UK private individuals;
- does not manage investments on a discretionary basis;
- has few advisory clients;
- does not hold client money or assets.

These features of the firm's business are supported by client on-boarding processes, staff recruitment and management practices and other internal controls, which seek to ensure that business which might not be consistent with that risk appetite, is not taken on.

Any decision which might have a bearing on the firm's risk appetite is taken initially by the Chief Operating Officer. Any major decision impacting on the firm's risk appetite is approved by Exco.

4. Capital Adequacy

The Firm is required to maintain sufficient capital resources at all times. Own funds describes the available capital resources of the Firm while own funds requirement describes the capital funds required as a result of the business activities of the Firm.

The Firm's own funds requirement is calculated in accordance with MIFIDPRU 4.3, which states that the Firm's own funds requirement is the highest of:

- its permanent minimum capital requirement;
- its fixed overheads requirement;
- its K-factor requirement.

A summary of these requirements are as follows:

Permanent minimum capital requirement	**£470,000***
Fixed overhead requirement	£344,242
Sum of K-Factor requirement	£28,000

**PMR calculated using transitional provisions for 'matched principal' firms*

Own funds held as at 31/3/2024 were	£871,774

6. Remuneration

6.1 Remuneration policy

Hobart recognises the need to be competitive in the market. Hobart's policy is therefore to set remuneration levels, which ensure that the partners, employees and consultants are fairly and responsibly rewarded in return for levels of high performance.

Hobart's remuneration policy is produced on an annual basis and reviewed by Exco, which considers whether the implementation of its remuneration policies and practices comply with the remuneration policy and practices adopted by the management body in its supervisory function. In particular:

- results in remuneration awards are in line with the firm's business strategy;
- reflects the risk profile, long-term objectives and other relevant goals of the firm; and
- complies with all relevant legal requirements.

Employees and contractors are employed by the firm based upon their experience, ability and character. It is a strict policy of the firm to not discriminate against any staff member, or potential staff member, based upon race, gender, age, religion or disability.

Hobart is a small business and therefore it is appropriate to have a proportionate policy on remuneration. This policy is reviewed at least annually and this review will consider whether it is necessary to increase the scope or depth of the policy in light of any expansion of the business.

Employees are remunerated by way of (1) base salaries or (2) a fixed percentage of the commission generated by Hobart for client trades or a mixture of both. These methods of remunerating employees are comparable with companies of a similar size and scope operating in the brokerage arena. Consultants are remunerated by way of an agreed split of the income generated less costs of services supplied. (see below.)

The components of remuneration for partners comprise:

- A base guaranteed monthly drawing, which is reviewed annually;
- A percentage share of any commission generated by a client which has been introduced to Hobart by a Partner;
- A percentage share of any commission earned by staff who have been introduced by a partner; and
- Any profits after drawings is divided between the partners in accordance with the percentage holding

The components of remuneration for other members of staff comprise:

- A base salary, which is reviewed annually;
- A percentage share of any commission generated by a client which has been introduced to Hobart by the employee;
- A percentage share of any commission earned by staff who have introduced an employee into the business; and
- Annual bonuses which are voted upon by Exco. (For details of bonuses, see below.)

The components of a consultant's remuneration will be detailed in their individual agreement with the firm. These can include:

- A percentage share of the net commission earned after deduction of:
    - Facilitation costs;
    - Bloomberg, Fidessa and various data charges
    - Cost of client specific services requested.

Hobart considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of performance targets.

The allocation of variable remuneration takes account of both current and future risks and, at no time will payment of variable remuneration affect Hobart's ability to maintain or strengthen its capital base.

2. Application

This policy will apply to all senior management, persons holding certified functions and any other employee whose remuneration falls within the same bracket as any of the above.

3. Remuneration

Hobart considers remuneration to include salary, commissions, bonuses, long-term incentive plans, options, hiring bonuses, severance packages and pension arrangements.

No partner, employee or consultant of Hobart earns, at present, on an annual basis, in excess of £965,500 including bonuses or other performance related remuneration.

4. Salaries

It is the policy of the Remuneration Committee is to pay base salaries at broadly market rates compared with other employees with similar experience and responsibilities working in companies of a similar size and scope.

Hobart will also take into account the personal performance of any staff member and the performance of Hobart when negotiating and offering base salaries. Salaries paid will represent a reasonable wage, commensurate with the employee's experience before the payment of any bonus or other incentive.

5. Commissions

Hobart operates a standard remuneration package to its sales traders (front office staff). This package consists of a fixed percentage of the commission generated by such staff, net of trade related costs as well as client related entertaining costs. Sales Traders do not qualify for inclusion in the firm's bonus scheme.

6. Bonus Scheme

Hobart considers it important to balance fixed and variable remuneration appropriately. Accordingly, Hobart operates a discretionary bonus scheme designed to reward non-front office staff for outstanding performance. Eligibility to receive a bonus is dependent on individual and Partnership performance.

Hobart reserves the right to withhold all or part of a bonus if performance targets are not met.

Anyone performing a regulatory function, other than front office staff, such as that of compliance officer, will be subject to performance targets that relate to the carrying-out of their regulatory responsibilities.

7. Performance Assessments

Measurements of performance used to calculate discretionary bonuses will take into account adjustments for current and future risks as well as the cost and quantity of capital.

Assessments of financial performance used to calculate bonuses will be based principally on profits, rather than turnover or revenues.

8. Early Termination

Hobart takes the view that that payments related to the early termination of a contract must reflect performance achieved over time and will be designed in a way that does not reward failure.

9. Quantitative Disclosures

	Non-Material Risk Takers	Material Risk Takers
Number of staff	6	4
Total fixed remuneration	£323,000	£254,000
Total variable remuneration	£23,000	£468,000
of which, awarded in cash	£23,000	£468,000
of which, awarded in non-cash	£0	£0
Proportion of total variable remuneration deferred	0%	0%