

Millennium Global Investments Limited

MIFIDPRU 8 Disclosure

December 2023

Introduction

The Financial Conduct Authority (“FCA” or “regulator”) in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“MIFIDPRU”) sets out the detailed prudential requirements that apply to Millennium Global Investments Limited (“Millennium” or the “Firm”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

Millennium is classified under MIFIDPRU as a non-small and non-interconnected MIFIDPRU investment firm (“Non-SNI MIFIDPRU Investment Firm”). As such, the Firm is required by MIFIDPRU 8 to disclose information on the following areas:

- Risk management objectives and policies;
- Governance arrangements;
- Own funds;
- Own funds requirements; and
- Remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm’s culture and data on the Firm’s own funds and own funds requirements allows potential investors to assess the Firm’s financial strength.

This document has been prepared by Millennium in accordance with the requirements of MIFIDPRU 8 and is verified by the Board. Unless otherwise stated, all figures are as at the Firm’s 31 December 2023 financial year-end.

Risk Management Objectives and Policies

This section describes Millennium’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.

Strategy and product/services

Millennium's key focus is on providing currency investment management solutions to the global institutional market place. The product spectrum includes Active Overlay, Absolute Return, Dynamic Hedging, Passive Hedging and Advisory Services. The firm is not permitted to deal with retail clients and has no intention of doing so, this is verified by an audited CASS report annually.

The business of the firm is considered to be scalable, to the extent that if a growth in assets under management is experienced, this would be controlled against a background of robust operational procedures.

Business model

MGIL generally focuses on currency-related investment and trading strategies. These strategies can vary in scope or focus. Investment strategies pursued by MGIL for clients currently include (i) currency hedging including passive, and dynamic strategies on specific currency pairs effected by statically hedging or dynamically increasing or decreasing a hedge ratio versus the base currency over time), (ii) and currency absolute return "Alpha" strategies, (iii) active currency overlay, which seeks to address the currency risk in existing portfolio exposures and add returns through amending the underlying currency weights applying a fundamental discretionary investment approach.

Costs are controlled for carefully ensuring long-term profitability. The business seeks to make investments into expand its business and product lines, and to continuously improve its controls environment. Our research and development program remains focused on incorporating a greater number of timing factors into our quantitative model to enhance its ability to capture the evolving nature of the markets. We are also exploring the integration of new technologies such as AI to drive the allocation of factors influencing our market timing in order to address the idiosyncrasies of specific currency pairs where some factors may prove less effective at times. Our marketing efforts principally focused on US, Europe and Switzerland, where there is evidence of growing interest in currency hedging, as well as generating alpha via -FX strategies.

We continued to expand our range of products by introducing tenor management products to serve clients requiring a high level of passive hedging while also seeking some degree of yield enhancement. Finally, we are also working to significantly broaden our currency solutions in areas such as indices and advisory. This will allow us to address a larger client segment while further diversifying our business.

Capital expenditure in our investment operations capabilities and IT systems is ongoing and in 2023 we moved our IT infrastructure into the cloud to improve our resiliency, enhance security and minimise latency from existing systems.

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Own Funds Requirement

Millennium is required to maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the higher of the Firm's:

- **Permanent minimum capital requirement ("PMR")** is the level of own funds required to operate at all times. Based on the MiFID investment services and activities that the Firm currently has permissions to undertake, the PMR is set at £75,000;
- **Fixed overhead requirement ("FOR")** is the minimum amount of capital that Millennium would need to have to absorb losses if the Firm has cause to wind down and exit the market. This is equal to one quarter of the Firm's relevant expenditure; and
- **K-factor requirement ("KFR")** is intended to calculate a minimum amount of capital that Millennium would need for the ongoing operation of its business. The K-factors that apply to the Firm's business are (i) K-AUM (calculated on the basis of the Firm's assets under management ("AUM")) and (ii) K-COH (calculated on the basis of the client orders handled by the Firm).

Millennium's own funds requirement is currently set by its FOR, as this is the highest of the three metrics. The potential for harm associated with Millennium's business strategy, based on the Firm's own funds requirement, is low. This is due to the relatively consistent and stable growth in the Firm's revenues and asset base.

A method adopted by the Firm to manage the risk of breach of the Firm's own funds requirement is the maintenance of a healthy own funds surplus above the own funds requirement. In the event that the Firm's own funds drop to an amount equal to 110% of the Firm's own funds threshold requirement, the Firm will immediately notify its Board, as well as the regulator. The Board will consider the necessary steps required in order to increase the own funds buffer; this may include injecting more own funds into the Firm.

Concentration Risk

The firm has identified concentration risks with respect to client revenue contribution. Despite having a diverse client base from a number of jurisdictions, the firm has a significant dependency on revenue generated by a single Swiss based client.

The potential for harm associated with Millennium's business strategy, based on the Firm's concentration risk, is high. The firm is proactively seeking to create additional sources of revenue by further diversifying its revenue source and client base.

Liquidity

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due and to ensure that it has appropriate (liquid) resources in the event of a stress scenario.

The potential for harm associated with Millennium's business strategy, based on the Firm's basic liquid assets requirement, is low. As with regard to its own funds requirement, this is due to the relatively stable and consistent growth in the Firm's revenues and asset base and maintenance of a healthy core liquid assets surplus above the basic liquid assets requirement. The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under various conditions. Millennium has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash deposits it holds. Additionally, it has historically been the case that all debtors are settled promptly, thus ensuring further liquidity resources are available to the Firm on a timely basis. The cash position of the Firm is monitored by the Head of Finance on a regular basis.

Risk Management Structure

At Millennium, Head of Risk has overall responsibility for the risk management framework, risk controls as well as other related risk issues within the firm, including the activities associated with the digital assets.

Head of Risk is responsible for establishing the risk management framework, performing the overall risk assessment, regularly review the risk controls and risk mitigation strategies to ensure relevant risks are properly identified and the residual risks are within the firm's risk tolerance levels.

The identified risks as well as risk controls will be documented and tracked in the firm's risk register, which will be reviewed at firm's monthly risk committee meeting.

Millennium has established a Risk Committee which is held monthly, chaired by Head of Risk and attended by senior management and head of departments. The purpose of the risk committee is to identify new risks as well as review the risk controls and risk mitigation strategies on existing risks to ensure the residual risks are within the firm's risk appetite. Members of the Risk Committee have the appropriate knowledge, skills and expertise to fully understand, manage and monitor the risk strategy and risk appetite of the Firm.

Governance Arrangements

Overview

Millennium believes that effective governance arrangements help the Firm to achieve its strategic objectives while also ensuring that the risks to the Firm, its stakeholders, and the wider market are identified, managed, and mitigated.

The Board has overall responsibility for Millennium and is therefore responsible for defining and overseeing the governance arrangements at the Firm.

In order to fulfil its responsibilities, the Board meets on a quarterly basis. Amongst other things, the Board approves and oversees the implementation of the Firm's strategic objectives and risk appetite, ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls, ensures compliance with the requirements of the regulatory system, assesses the adequacy of policies relating to the provision of services to clients, and provides oversight of the Firm's senior management.

A key document that is reviewed, discussed, and ratified by the Board at least annually is the Senior Management Systems and Controls Document ("Internal Statement of Governance"), as this demonstrates how the Firm has met its obligations with regard to its governance arrangements. The Internal Statement of Governance provides the Board with information on the functioning and performance of all aspects of the Firm, including the following areas:

- General organisational requirements, including steps taken by the Firm to ensure continuity and regularity in the performance of its regulated activities, and the Firm's accounting policies.
- Employees, including steps taken by the Firm to ensure that employees have the necessary skills, knowledge, and expertise for the discharge of the responsibilities allocated to them, and to ensure that they are fit and proper persons.
- Policies, procedures, and controls for meeting its compliance and financial crime requirements.
- Internal capital adequacy and risk assessment process.
- Outsourcing of critical or material operating functions or activities.
- Record-keeping controls and arrangements.
- Conflicts of interest management.
- Remuneration policies and practices; and
- Whistleblowing controls.

The Management Body

Millennium's management body is the Board. The below table provides the number of directorships held by each member of the management body:

Management Body Member	Position at Millennium	Number of Directorships Held	
		Executive	Non-Executive
Michael Huttman	Chairman	1	1
Kathleen Maria Gibson-Stark	CEO	2	
Alan Eisner	Non-Executive Director		1
Alistair McKay	Non-Executive Director	1	2

Michael D. Huttman, Chairman

Michael is Chairman of the Board of Directors and oversees the investment processes for the firm's investment strategies.

Prior to founding Millennium Global in 1994, Michael was an executive director and chief portfolio manager with responsibility for overseeing currency products and strategies at Goldman Sachs Asset Management (GSAM). Michael also headed the GSAM International Asset Allocation Committee. Before joining GSAM in 1990, Michael spent over seven years with J.P. Morgan in New York, London and Zurich, where he managed global fixed income portfolios and specialized in currency overlay and active currency management.

Michael has an M.A. in Economics (Sc. Commerciale et Industriale) from the University of Geneva. He is registered with the Financial Conduct Authority in the UK and the US Commodity Futures Trading Commission.

Maria Gibson-Stark, Chief Executive Officer

Maria Gibson-Stark is Chief Executive Officer and a member of the Board of Directors. The Compliance, Operations, IT and Project Management functions report to her. Maria joined Millennium Global in 2000, was appointed as Company Secretary in 2002 and became a Director in 2012.

Prior to joining Millennium Global, Maria was head of compliance at Trinity Asset Management, an emerging markets specialist. Maria began her career in the Finance Industry in 1991 working with GML International and Hillsleigh International, both sovereign debt advisory and restructuring specialists.

Maria is registered with the Financial Conduct Authority in the UK and the US Commodity Futures Trading Commission

Alan Eisner, Non-Executive Director, Member of the Millennium Board

Alan Eisner joined Millennium Global in 2000 as a Senior Managing Director. He initially co-managed the currency investment team before becoming Chief Risk Officer (2011 to 2014) and was a member of the firm's management committee.

Before joining Millennium Global, Alan was Chief Investment Officer of Trinity Asset Management where he managed Trinity's Emerging Currency Fund and prior to that a vice president at Salomon Brothers International Limited. At Salomon he worked on the foreign exchange sales and trading desks in New York, London and Singapore.

Alan Eisner graduated from the University of Edinburgh with an MA in Economic History.

Alistair McKay, Non-Executive Director, Member of the Millennium Board

Alistair has over 20 years' experience in the financial services industry having held a number of senior investment banking roles. Alistair brings extensive experience advising boards of fund management businesses on strategic growth initiatives and is able to furnish Millennium with unbiased, independent and insightful advice.

During Alistair's career he has been the head of the Investment Management Advisory Group, at both Morgan Stanley and Credit Suisse prior to launching Asset Management Finance in Europe and subsequently being appointed CEO of Alpha Strategic plc. During his time at Morgan Stanley and Credit Suisse, Alistair was involved in many significant M&A, IPO and listed fund transactions in the asset management industry.

Alistair started his investment banking career at Kleinwort Benson plc in the financial institutions group. He is a qualified Chartered Accountant and holds a First Class Bachelor of Science degree from London University.

Diversity of the Management Body

The Board comprises three men and one woman, each selected either for their roles within the Firm or for the skills and experience they bring to the Firm.

Risk Committee

Although not required by MIFIDPRU, Millennium has established an independent Risk Committee as detailed earlier in the document. The purpose of the Risk Committee is to advise the Board on the Firm's overall current and future risk appetite and strategy and assist the Firm's Board in overseeing the implementation of that strategy by senior management. Members of the Risk committee have the appropriate knowledge, skills, and expertise to fully understand, manage and monitor the risk strategy and risk appetite of the Firm.

Own Funds

As at 31 December 2023, Millennium maintained own funds of £9,959,437. The below regulator-prescribed tables provide a breakdown of the Firm's own funds:

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	9,959	
2	TIER 1 CAPITAL		
3	COMMON EQUITY TIER 1 CAPITAL	9,959	
4	Fully paid up capital instruments	2,000	G
5	Share premium	-	
6	Retained earnings	9,750	H
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Accumulated other comprehensive income	-	
10	Accumulated other comprehensive income	-	

11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments	(1,791)	A,C
20	ADDITIONAL TIER 1 CAPITAL	-	
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	-	
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	-	

		Balance Sheet as in Published/Audited Financial Statements	Cross- Reference to Above Template
		As at 31 December 2023	
A	Software	762,872	19
B	Other Fixed Assets	263,632	
C	Investments	1,028,339	19
D	Debtors	3,043,591	
E	Cash at bank	8,173,538	
	Total Assets	13,271,972	
F	Creditors	1,521,324	
	Total Liabilities	11,750,648	
G	Share Capital	2,000,000	4
H	Retained Earnings	9,750,648	6
	Total Shareholders' Equity	11,750,648	

Own Funds Requirements

Millennium 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 and FOR.

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

Requirement	£'000
(A) Permanent Minimum Capital Requirement ("PMR")	75
(B) Fixed Overhead Requirement ("FOR")	3,015
(C) K-Factor Requirements ("KFR")	2,389
- K-AUM – <i>Risk arising from managing and advising on investments</i>	2,389
- K-COH – <i>Risk arising from order execution and reception and transmission of orders</i>	
(D) Own Funds Requirement (Max. [A, B, C])	3,015

Millennium is also required to comply with overall financial adequacy rule ("OFAR"). This is an obligation on Millennium 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.

Where Millennium determines that the FOR is insufficient to mitigate the risk of a disorderly wind-down, the Firm must maintain 'additional own funds required for winding down', above the FOR, that are deemed necessary to mitigate the risks of a disorderly wind-down. Similarly, where the Firm determines that the KFR is insufficient to mitigate the risk of harm from ongoing operations, the Firm must maintain an amount of 'own funds required for ongoing operations', above the KFR, that is deemed sufficient to ensure the viability of the Firm throughout economic cycles.

The Firm's own funds threshold requirement is the higher of:

- The Firm's PMR;

- The sum of the Firm's FOR and its additional own funds required for winding down; and
- The sum of the Firm's KFR and its additional own funds required for ongoing operations.

This is the amount of own funds that Millennium is required to maintain at any given time to comply with the OFAR.

To determine the Firm's own funds threshold requirement, Millennium identifies and measures the risk of harm faced by the Firm and considers these risks in light of its ongoing operations and also from a wind-down planning perspective. The Firm then determines the degree to which systems and controls alone mitigate the risk of harm and the risk of a disorderly wind-down, and thereby deduces the appropriate amount of additional own funds required to cover the residual risk.

This process is documented and presented to, and ratified by, the Board on at least an annual basis.

Remuneration Policy and Practices

Overview

As a Non-SNI MIFIDPRU Investment Firm, Millennium 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 Millennium'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, Millennium 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.

Millennium 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.

Characteristics of the Firm's Remuneration Policy and Practices

Remuneration at Millennium is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. Variable remuneration is paid on a discretionary basis and takes into consideration the Firm's financial performance as well as the financial performance of each business unit, and the financial and non-financial performance of the individual in contributing to the Firm's success. All staff members are eligible to receive variable remuneration.

- The Firm wishes to align its remuneration policies with its risk profile which attempts to be diversified against the market.
- The Firm manages investment funds and managed accounts that invest in high liquid assets with low exposure to less liquid instruments. Where the investment funds are exposed to illiquid assets these are valued using independent valuation agents, third party pricing agents and counterparty banks.
- The Firm operates a management fee and a performance fee subject to a high water mark in respect to offshore funds and a selection of managed accounts. There are also a number of managed accounts that have a management fee only structure.
- This means that it is expected that the manager will remain profitable with no performance fee income.
- The measurement of performance used to calculate bonuses or bonus pools includes an adjustment for current and future risks and takes into account the cost of the capital and the liquidity required.
- Individuals are rewarded based on their contribution to the overall strategy of the business.
 - a. Investment Generation
 - b. Investment Trading
 - c. Sales & Marketing
 - d. Operations
 - e. Franchise Development

Other factors such as performance, reliability, effectiveness of controls, business development and contribution to the business are taken into account when assessing the performance of the senior staff responsible for the infrastructure of the Firm.

Governance and Oversight

The Compensation Committee is responsible for setting and overseeing the implementation of Millennium's remuneration policy and practices. In order to fulfil its responsibilities, the Compensation Committee:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity.
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of shareholders, investors, and other stakeholders in the Firm.
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

Millennium's remuneration policy and practices are reviewed annually by the Compensation Committee.

Material Risk Takers

Millennium is required to identify its material risk takers - those members of staff whose professional activities have a material impact on the risk profile of the Firm (and of the assets that the Firm manages). The types of staff that have been identified as material risk takers at Millennium are:

- Members of the management body in its management function;
- Members of the senior management team;
- Those with managerial responsibility for a client-facing or client-dealing business unit of the Firm;
- Those with managerial responsibilities for the activities of a control function¹;
- Those with managerial responsibilities for the prevention of money laundering and terrorist financing;
- Those that are responsible for managing a material risk within the Firm;
- Those that are responsible for managing information technology, information security, and/or outsourcing arrangements of critical or important functions; and
- Those with authority to take decisions approving or vetoing the introduction of new products.

¹ A control function is defined as a function (including, but not limited to, a risk management function, compliance function and internal audit function) that is independent from the business units it controls and that is responsible for providing an objective assessment of the Firm's risks, and for reviewing and reporting on those risks.

Quantitative Remuneration Disclosure

Wages and salaries paid to employees and Directors in the year ended 31 December 2023 amounted to £6,785,685 (2022: £9,295,827). The Directors' remuneration for the year was £955,355 (2022: £1,920,520). The average number of employees during the year was 39 (2022: 40).