

# IFPR: MIFIDPRU Disclosure

For the period ended December 31, 2025

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## 1 Introduction

The Investment Firms Prudential Regime ("IFPR") requires all MiFID investment firms to make certain public disclosures.

### 1.1 Purpose

The purpose of this document is to set out Cambridge Risk Mercantile Management (UK) Ltd.'s ("CMRM") required public disclosures in relation to the following topics: Governance arrangements, Own Funds and Own Fund Requirement, investment policy and remuneration.

### 1.2 Background

IFPR is the Financial Conduct Authority's ("FCA") prudential regime for MiFID investment firms which aims to streamline and simplify the prudential requirements for UK investment firms. IFPR came into force on 1 January 2022, and its provisions apply to CMRM as an FCA-authorized and regulated MIFIDPRU firm (FRN: 596682).

### 1.3 Scope and Application

The FCA has implemented IFPR through rules contained in the MIFIDPRU Sourcebook. Chapter 8 of MIFIDPRU sets out the disclosure requirements, and this document has been prepared in accordance with these rules. The IFPR regime distinguishes between small and non-interconnected investment firms ("SNI" firms) and non-SNI firms.

The level of compliance with certain rules that will apply to a firm within the scope of the IFPR will be determined by whether or not the firm is an SNI or a non-SNI firm. SNI firms are defined in Chapter 1 of the prudential sourcebook for MiFID firms. MIFIDPRU 1.2 lists 10 criteria, all of which must be satisfied for a firm to be classified as an SNI firm. Two of the criteria which preclude firms from being defined are those that have been granted permission to deal on their own account or to hold client money in the course of MiFID business. Consequently, CMRM is classified as a non-SNI firm and must meet the disclosure requirements set out under MIFIDPRU 8.1.

### 1.4 Frequency of disclosures

These disclosures will be published annually, alongside the publication of CMRM's annual accounts. The disclosure may be updated more frequently in the event of a material business change.

## 2 Governance arrangements (MIFIDPRU 8.3)

CMRM has a Board of Directors ('the Board') which oversees the management of CMRM. The Board meets on an annual basis and on other occasions as required.

While CMRM sits within the larger Corpay Group ('Group'), the Board is responsible for establishing and monitoring the effectiveness of the firm's corporate governance framework, and approving the firm's policies, strategic direction, and risk appetite.

The Board has a duty to act in accordance with its powers and the directors must:

- Act in accordance with the company's constitution, and
- Only exercise powers for the purposes for which they are conferred.

To meet its responsibilities, the Board has delegated the day-to-day running of the firm to the Managing Director and the senior management team.

### 2.1 Conflicts of Interest

Information for dealing with conflicts of interest is set out in the Conflicts of Interest Policy which is approved by the Board. The policy sets out how the firm seeks to prevent and deal with conflicts of interest if they arise. Directors are required to disclose any business interests that may result in actual or potential conflicts of interest with those of CMRM. If a conflict or potential conflict situation arises, the directors must seek authorisation from the Board.

### 2.2 Directorships

The directors do not hold directorships outside of the group.

### 2.3 Diversity

CMRM are committed to providing a workplace that seeks and respect diversity and inclusion at every level of the business. CMRM believes that anyone who joins the business should benefit from the opportunity to develop and grow within the firm.

### 2.4 Compliance and Risk Committee

The firm is not required to establish a Risk Committee as it meets the conditions set out in MIFIDPRU 7.1.4R.

### 3 MIFIDPRU 8.4 Own Funds

#### 3.1 Composition of CMRM's Regulatory Own Funds

CMRM's own funds comprises of common equity tier 1 capital (CET1). This includes allotted, called up and fully paid share capital (20,325,002 Ordinary shares of £1 each), share premium and audited retained earnings.

CMRM has a £1,154K capital contribution, comprising of stock-based compensation. This does not qualify as CET1 capital, and the firm does not include this in its calculation of own funds.

In June 2025 CMRM issued 1 ordinary share at £1 in exchange for £8,669K to Cambridge Mercantile Corp. (UK) Limited. The difference between consideration received and the value on issue was recognised as share premium (£8,669K). Whilst this is fully paid up, it is not included in the regulatory own funds pending permission under MIFIDPRU 3.

**Table 1: Composition of Regulatory Own Funds**

|           | Item  | Amount (£'000) | Source based on reference numbers/<br>letters of the balance sheet in the audited<br>financial statements |
|-----------|---|----------------|---|
| <b>1</b>  | <b>OWN FUNDS</b>  | 122,225        |   |
| <b>2</b>  | <b>TIER 1 CAPITAL</b>                                     | 122,225        |   |
| <b>3</b>  | <b>COMMON EQUITY<br/>TIER 1 CAPITAL</b>                   | 122,225        |   |
| 4         | Fully paid-up capital instruments                         | 20,325         | Note 14   |
| 5         | Share Premium   | 46,064         | Note 14   |
| 6         | Retained earnings   | 58,755         | Statement of Changes in Equity  |
| 7         | Accumulated other comprehensive income                    |                |   |
| 8         | Other reserves  | (2,648)        | Statement of Changes in Equity<br>Note 21   |
| 9         | Adjustments to CET1 due to prudential filters             |                |   |
| 10        | Other funds   |                |   |
| 11        | (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1            | (271)          | Note 7 (Deferred Tax)<br>Note 12 (Intangibles)  |
| 19        | CET1: Other capital elements, deductions, and adjustments |                |   |
| <b>20</b> | <b>ADDITIONAL TIER 1 CAPITAL</b>                          | 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 |  |   |
| <b>25</b> | <b>TIER 2 CAPITAL</b>  |  | 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            |  |   |

Note: Following the acquisition of GPS Capital Markets LLC and its subsidiaries (“GPS Group”) by Corpay, Inc., in 2024, the GPS Group was integrated into Corpay’s Cross-Border operations. As part of this integration, certain business activities and net assets, including customer contracts and relationships, were transferred to CMRM during 2025. Accordingly, CMRM acquired certain net assets, including identifiable intangible assets. This, along with 2025 retained earnings and merger reserve transfer largely account for the difference in own funds verses 2024.

### 3.2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The table below shows a reconciliation of CMRM’s own funds with the audited assets and liabilities of the firm. This breakdown reflects the balance sheet within CMRM’s audited financial statements for FY2025.

**Table 2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements**

|               |  | <b>Balance sheet as in published/ audited financial statements</b> | <b>Cross reference to template OF1</b> |
|---------------|--|--|--|
|               |  | <b>As at period end (£'000) 2025</b>                               |  |
| <b>Assets</b> |  |  |  |
| 1             | Fixed Assets                           |  | 2                                      |
| 2             | Non-current derivative financial asset |  | 24,744                                 |
| 3             | Cash and cash equivalents              |  | 10,004                                 |

|    |   |                |    |
|----|---|----------------|----|
| 4  | Restricted cash                             | 4,020          |    |
| 5  | Debtors                                     | 84,587         |    |
| 6  | Derivative financial assets                 | 56,776         |    |
| 7  | Corporate Tax Receivable                    | 3,121          |    |
| 8  | Deferred tax asset                          | 125            | 11 |
| 9  | Intangible Assets                           | 145            | 11 |
| 10 | Other Assets                                |                |    |
| 11 | Investments                                 |                |    |
| 12 | Non- current intercompany                   |                |    |
| 13 | Intercompany notes receivable               |                |    |
| 14 | Goodwill                                    |                |    |
|    | <b>Total assets</b>                         | <b>183,524</b> |    |
|    |   |                |    |
|    | <b>Liabilities</b>                          |                |    |
| 1  | Creditors                                   | 39,990         |    |
| 2  | Corporate tax payable                       |                |    |
| 3  | Derivative financial liabilities            | 7,959          |    |
| 4  | Intercompany notes payable                  |                |    |
| 5  | Non-curent derivative Financial liabilities | 3,257          |    |
| 6  | Other non-current liabilities - office rent |                |    |
| 7  | Fleetcor intercompany                       |                |    |
|    | <b>Total liabilities</b>                    | <b>51,206</b>  |    |
|    |   |                |    |
|    | <b>Shareholders' Equity</b>                 |                |    |
| 1  | Called up share capital                     | 20,325         | 4  |
| 2  | Share Premium                               | 54,733         | 5  |
| 3  | Capital contribution                        | 1,153          |    |
| 4  | Merger Reserve                              | (2,648)        | 8  |
| 5  | Retained earnings                           | 58,755         | 6  |
|    | <b>Total Shareholders Equity</b>            | <b>132,318</b> |    |

CMRM is required to comply with MIFIDPRU on a consolidated basis and submits consolidated regulatory returns. However, audited consolidated financial statements are not prepared for the investment firm group. Accordingly, the figures above are based on the audited financial statements of CMRM on an individual basis.

Compared to previous notification period notable items for CMRM include:

- Shareholders equity includes a Share Premium. This reflects 1 ordinary share issued in exchange for £1 to Cambridge Mercantile Corp. (UK) Limited, with a difference in consideration of £8,669K recognised as share premium, in June 2025.
- Reduction in Intercompany notes payable following early settlement of intercompany note with Global Reach Markets in 2025.
- Intangible assets related to acquisition and business transfer of GPS Capital Markets LTD recognised.
- Other fluctuations relate to business-as-usual firm and client activity.

## 4 Own Funds Requirements (MiFIDPRU 8.5)

### 4.1 Own funds

Own funds CMRM is subject to an own funds requirement equalling that of its K-factor calculation, as this is the higher that the firm’s permanent minimum capital and fixed overhead requirements.

**Table 3: Own Funds Requirement**

|  | <b>£,000</b>  |
|--|---------------|
| <b>a) Permanent Minimum Capital Requirement</b>    | <b>750</b>    |
| <b>b) K-factor requirement</b>                     | <b>15,644</b> |
| i) K-CMH   | 31            |
| ii) K-DTF  | 9             |
| iii) K-NPR, K-TCD, K-CON                           | 15,604        |
| <b>c) Fixed Overhead Requirement</b>               | <b>2,551</b>  |
| <b>Own funds requirement (higher of a, b or c)</b> | <b>15,644</b> |

The own funds requirement for 2025 period end increased compared to the 2024 equivalent. K-CMH, K-NPR and K-TCD are all activity dependent so will naturally change as that fluctuates.

## 4.2 Assessment of adequacy of own funds

### **a) Internal Capital Adequacy and Risk Assessment ('ICARA')**

Under the IFPR CMRM is required to ensure that sufficient resources are maintained to satisfy the Overall Financial Adequacy rule ("OFAR"). This is in terms of both own funds and liquid assets with the ultimate outcome to ensure the firm is a) able to remain financially viable throughout the economic cycle and b) to enable an orderly wind-down, minimising harm to consumers and market participants.

In order to manage this CMRM completes its ICARA process annually, as a minimum, which reviews risks faced in ongoing operations and includes quantification of additional capital resources required to mitigate the risks identified.

The firm has implemented an early warning threshold for own funds and liquid assets requirements which is monitored to allow the firm to act accordingly if required.

The ICARA is undertaken on a proportionate basis, considering the Firm's size and the nature and complexity of its activities, and is reviewed and approved by CMRM's Board of Directors.

### **b) Own funds Threshold Requirement**

After assessing the costs of an orderly wind-down, potential material harms and fixed costs for continuing business, CMRM is satisfied that the firm's K-factor requirement is sufficient to address residual risks and costs identified and has therefore adopted this as the own funds threshold requirement.

### **c) Liquidity**

Through the ICARA process CMRM has determined its Liquid Asset Threshold Requirement as the amount of liquid assets required to funds ongoing operations, with consideration given to anticipated periods of stress.

## 5 Remuneration (MiFIDPRU 8.6)

Retention of talented employees is critical to executing the firm's business strategy successfully. Remuneration is, therefore, a key component of the costs the firm incurs to generate revenues, similar to cost of goods sold or manufacturing costs in other industries. The aim of a remuneration policy is to ensure that remuneration arrangements CMRM reward employees are appropriate, but also promote sound and effective risk

management. In particular, the remuneration arrangements aim to avoid excessive risk-taking. It is also designed to ensure that, when taking decisions about remuneration, the impact of reward arrangements on CMRM's long-term sustainability are considered.

In particular, effective remuneration practices should:

- (i) Encourage a sense of teamwork and drive behaviours that are aligned to the interests of the firm and its customers.
- (ii) Evaluate performance on a multi-year basis.
- (iii) Discourage employees excessive risk-taking.
- (iv) Allow an institution to attract, retain and develop talent at all levels of the organisation.
- (v) Align aggregate remuneration for the firm with performance over the cycle and
- (vi) Promote a strong risk management & control environment.

### **Material Risk Takers ('MRTs')**

In accordance with the FCA rules, CMRM is required to identify the categories of staff whose professional activities are deemed to have a material impact on the risk profile of the firm. These are referred to as 'Material Risk Takers', and CMRM ensures that it applies all the necessary remuneration requirements to these staff. 'Material Risk Takers' are identified in line with the criteria included within relevant guidance, but broadly, they include those individuals whose role means they can expose the CMRM and its clients to material risk.

### **Compensation Arrangement**

CMRM aims to deliver total remuneration (which may be a combination of fixed and variable compensation) at a level that is aligned to the market for each individual role, whilst also rewarding the overall performance of the firm and the individual's performance.

Remuneration at CMRM can be made up of a combination of two broad components:

- Basic fixed remuneration (e.g., salary plus any allowances) in line with the employee's professional experience and role within the firm.
- Variable remuneration (e.g. bonus, commissions) that reflects performance - which may be subject to performance adjustment.

Any variable remuneration, including any deferred portion, is paid only if it is sustainable according to the financial situation of the firm as a whole, and is based on the performance of the firm, the business unit (team) and the individual concerned.

Table 4 provides an overview of the fixed and variable remuneration for CMRM in 2025.

**Table 4: Remuneration overview**

| £                     | Senior management (2) and MTRs (1) | Other staff      | Total            |
|-----------------------|------------------------------------|------------------|------------------|
| Fixed Remuneration    | 197,818                            | 934,208          | <b>1,132,026</b> |
| Variable Remuneration | 1,333,239                          | 2,984,804        | <b>4,318,043</b> |
| <b>Total</b>          | <b>1,531,057</b>                   | <b>3,919,012</b> | <b>5,450,069</b> |

Variable remuneration breakdown

|                     |           |  |
|---------------------|-----------|--|
| Cash based income   | 1,081,969 |  |
| Share linked income | 251,270   |  |
| Deferred income     |           |  |

The total fixed remuneration for senior management and Material Risk Takers (MRTs) remains consistent between periods, as does the employees in these positions. There is an increase between periods in the variable remuneration due to an increase in variable cash and stock paid to these employees. Total fixed remuneration for other staff decreased between periods. This relates to general turnover of roles. The variable remuneration remains consistent, with an increase in variable remuneration of remaining staff members.

### **Variable Remuneration**

For employees with a variable remuneration component, this is generally paid as a cash remuneration and sometimes is paid as share-based remuneration. The variable remuneration can vary and is dependent on individual performance.

### **Clawback Arrangements**

Clawback arrangements is in place for applicable staff within CMRM. The arrangement may be used in the following circumstances:

- Gross misconduct.
- The individual failed in meet the relevant professional standards.
- The firm suffers material failure resulting in FCA censure and / or penalties.

### **Severance Pay**

Any payments relating to the early termination of a contract (severance pay) will reflect the individual's performance over time and will be designed in a way which does not reward failure or misconduct. In determining the amount of a severance payment, the firm will always seek to minimise the cost while complying with contractual terms and take into account the circumstances in place at the time.

The following (illustrative) criteria may be taken into account for the purposes of determining the amount of a severance payment (but not limited to):

- The reasons for the individual's early termination of employment,
- The length of an individual's service,
- The seniority of the individual's role and
- The potential costs of legal fees and settlement costs.

Severance pay for MRTs under the IFPR will generally need to be included in the ratio between variable and fixed remuneration although there are certain circumstances where the amounts can be excluded from the calculation. Where any severance pay is made to MRTs, the same general rules for variable remuneration will apply including deferral, payments in shares/instruments, retention periods (where appropriate), malus and clawback.

## 6 Investment Policy (MIFIDPRU 8.7)

The firm does not hold more than 5% of the voting rights in any listed company.