MIFIDPRU Disclosure

30 November 2024

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Executive Summary

This document presents Future Money Limited's ("Future Money" or "the Firm") risk management arrangements and capital requirements. The Firms remuneration policy can be found on the website at www.futuremoney.co.uk.

The Firm's capital requirements are met through a mixture of equity and retained profits. As per the table below, the firm has an own funds requirement of £108,000 and excess capital of £528,087. The firm has a liquidity requirement of £125,000 and a liquidity surplus of £392,556.

Capital Adequacy Requirement and Surplus	**PMR**	**FOR**	**Wind-Down Funds**
Permanent Minimum Requirement	£75,000		
Fixed Overhead Requirement		£87,000	
Additional Requirements*		£108,000	
Total Own Funds Requirement (TOFR) (Pillar 1) (A)	**£108,000**		
Wind-Down Costs (B)			£125,00
Threshold Requirement (higher of A & B)	**£125,000**		
Early Warning Notification	**£137,500**		
Total Capital	**£653,087**		
Surplus	**£528,087**		

Liquidity Requirement and Surplus	**Liquidity Requirement**	**Wind-Down Costs**
Basic Liquid Asset Requirement (1/3 FOR)	£29,000	
Net Wind-Down Cost		£125,000
Liquidity Requirement	**£125,000**	
Core Assets (Cash, Gilts, Money Market Funds)	£685,255	
Non-core Assets (50% 30-day trade debtors/fees)	£0	
Payables - Current Liabilities	£167,699	
Liquid Reserves	**£517,556**	
Surplus	**£392,556**	
Liquidity Ratio	**314%**	

Background

Introduction

The Investment Firms Prudential Regime (“IFPR”), introduced by the FCA on 1st January 2022, aims to streamline and simplify the prudential requirements for MiFID investment firms that the FCA prudentially regulate.

As part of these requirements, firms must disclose their risk management objectives and policies relating to:

Own funds requirement: sets out minimum capital requirements firms are required to meet to mitigate potential harms to clients, firm and the market.

Additional Own Funds Requirement: requires firms and their regulatory supervisors to consider whether a firm should hold additional capital against harms not covered by the formulaic Own Funds Requirement. In the UK, this is implemented through the Internal Capital Adequacy Review Assessment (“ICARA") undertaken by the Firm.

Public Disclosure: this requires firms to disclose publicly certain details of their risk management objectives and policy, governance arrangements and Own Funds/Own Funds Requirements. The public disclosure is an important part of the IFPR because it increases transparency and confidence in the market and gives stakeholders and market participants an insight into how the Firm is run.

Scope of Application

This disclosure is made with reference to Future Money Limited only in line with the Public Disclosure requirements.

Future Money provides investment management services to a range of OEICs and is classified as a small non-interconnected firm (SNI).

Future Money has applied an appropriate and proportionate process as regards to the nature, size and complexity of our Firm and our permitted services and activities.

Basis of Disclosure

This document sets out the public disclosures of the Firm in accordance with the requirements set out in MIFIDPRU 8.1.13. The disclosures have not been audited and do not form part of the annual audited financial statements and should not be relied upon in making any judgement about the financial position of the Firm.

Unless otherwise stated all figures are as at 31st March 2024, which is based on the Firm’s audited results.

Frequency of Disclosure

Public disclosures are published annually and as soon as practicable after the Firm’s Internal Capital and Risk Assessment Process (ICARA) document is approved. The Firm pays particular attention to the need to publish some, or all disclosures more frequently than annually based on the relevant characteristics of the business.

Means of Disclosure

This document has been published on the ‘Disclosures’ section of the Firm’s website.

Governance Structure and Risk Management

Business Model and Strategy

The Firm manages the Future Money funds which comprise of four sub-funds within an umbrella open ended collective investment scheme, commonly referred to as 'an OEIC'.

The funds are 'fund of funds' in structure and are managed by the Firm's investment team who determine the appropriate asset allocation and fund selection expected to best achieve each sub-fund's stated objectives.

The sub-funds are operated by Margetts Fund Management Ltd being a function described in regulatory terms as the authorised corporate director or 'ACD'. The ACD is responsible for the management of the sub-funds and delegates this activity to the Firm. The ACD has an on-going monitoring framework in place to oversee the Firm's activities.

The Firm effectively has one client, Margetts Fund Management Ltd, who are responsible for the operation of the sub-funds. The Firm's business model is very simple in nature.

The sub-funds are distributed through authorised intermediaries and designed to be suitable to a wide range of retail and professional investors who require a fund or funds with geographical and style diversification combined with professional active management.

The Firm has a simple business structure and has set the following strategic objectives.

- Operate high standards of corporate governance and observation of regulatory principles, rules, and guidance
- Ensure adequate resources are retained by the Firm to provide investment services and performance to meet or exceed the expectations of investors
- Enhance the distribution of the Future Money sub-funds through engagement with authorised intermediaries

Governance

The Governance requirements of the Firm reside with the Board of Directors (BoD).

The small size, scale and nature of the Firm provides that all governance functions can be satisfactorily carried out by this body. The Firm consists of 5 employed individuals comprising of 3 Executive Directors (Paul Dickson, Toby Ricketts and Andrew Dean), 1 Non-executive Director (Alan Johnston) and one employee (Richard Cole). External oversight is contracted to Andrew Thompson, marketing is a part time role contracted to Dominic Gaunt and Lisa Nind is the compliance officer under a contract for services.

The compliance function is undertaken by Lisa Nind who is not a member of the BoD but attends all meetings.

The Firm operates a compliance monitoring programme operated by Lisa Nind with quarterly reporting to the BoD.

Application of the Senior Managers and Certification Regime

The Firm, through the BoD ensures that our statement of responsibilities are maintained and periodically reviewed in order to reflect changes to organisational structures over time.

The Firm considers if we are appropriately reflecting and allocating new SMF responsibilities that the regulators communicate over time through the BoD and the compliance function.

The current SMF functions are detailed below.

SMF9 Chair of the Board (Paul Dickson)

SMF1 Chief Executive Officer (Toby Ricketts)

SMF3 Executive Director (Andrew Dean, Paul Dickson & Toby Ricketts)

SMF16 Compliance Officer (Lisa Nind)

SMF17 Money Laundering Reporting Officer (MLRO) (Lisa Nind)

All SMFs have agreed statements of responsibility which are reviewed annually together with an annual assessment of fitness and propriety.

Three lines of defence

Although the Firm is small in size, scale and nature we operate a three lines of defence model.

1st line of defence	Ensuring competence of individuals and on-going training.
2nd line of defence	The compliance monitoring programme reviews operations and produces management information to demonstrate the firm is meeting the standards expected and alert the BoD where corrective action may be required.
3rd line of defence	The firm employs an external consultant to provide a quarterly review of the investment management process. The ACD also undertakes regular reviews, including a compliance review, and the findings are reported to the BoD.

Risk Management Framework

The BoD are responsible for setting the risk appetite of the firm and monitoring the risk exposure.

The BoD maintain a risk register which is reviewed at each board meeting.

Considering the size, scale and nature of the business, the BoD consider the risk management framework to be effective. As the Firm undertakes one primary regulated function, the entire BoD can effectively monitor and manage all material risks.

Risk Appetite Statement

The risk appetite statement is an expression of how much risk the Firm is willing to take. Some risks must be taken, but these should be managed to prevent unnecessary risk taking such as outsourcing business activities or dealing with counterparties. Other risks must be avoided such as harm to customers or compliance with regulation. Once we have identified risks, we set an appetite for each material risk.

The BoD 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 BoD.

Risk	Risk Appetite
Personnel risk - This risk considers the undue reliance on any key people and the ability of the firm to attract and retain staff to perform the services required.	**Medium** – Key staff are paid above market equivalent rates and provided with strong leadership and training opportunities.
Regulatory risk - The risk of failing to comply with regulatory principles and requirements.	**Low** – The Firm has in place strict governance, and quarterly board meetings to monitor the ongoing risk management of our OEIC. The BoD are experienced in managing an investment business.
Investment risk - Interest rate risk is the exposure of a firm's financial condition to adverse movements in interest rates. The Firm is also exposed to dealing risk when transacting on behalf of the Future Money funds.	**Low** – The Firm does not have interest rate exposure and dealing is outsourced to Margetts as ACD.
Conduct risk - The potential for adverse impact on clients, other regulated firms or financial markets due to poor conduct of the Firm and / or individuals.	**Low –** The Firm maintains a positive culture and strong corporate governance including relevant training for all staff. The simple nature of the services undertaken allow effective oversight to be undertaken directly by the BoD.
Business and strategic risk - The risk associated with fluctuating business cycles and economic conditions. If business or economic conditions deteriorate over time, the ability of the Firm to carry out its business plan and strategy or raise new capital is unfavourable.	**Medium** – The Firm is exposed to business conditions within the UK financial services market.

Risk Register

We have identified the risks facing the Firm as set out in the Risk Register summarising all identified potential risks and the controls in place to mitigate their impact.

The risk assessment is performed on a consistent and holistic basis, considering all material risk of harm to customers, the market and the Firm's activities.

The risk register is reviewed at each board meeting.

Compliance with Overall Financial Adequacy Rule

Own funds threshold requirement

The Firms meets the Overall Financial Adequacy Rule (OFAR) through holding cash reserves and own funds substantially in excess of requirement. The BoD review the OFAR requirements and the Firm's financial position on a quarterly basis.

As a SNI firm, the Firm is required to maintain an amount that is the higher of the:

- Permanent minimum capital requirement (PMR) and
- Fixed Overhead Requirement (FOR), which is an amount equal to three months of the firm's relevant expenditure.

SNI capital requirement

	£ (round up to nearest '000)
A - Permanent minimum capital requirement (PMR)	75,000
Fixed Overhead Requirement (FOR)	87,000
Additional own funds necessary for wind down	38,000
B - Wind down requirement	125,000
Additional capital for risks identified in ICARA risk assessment	108,000
Stressed Buffer requirement	0
C - Ongoing operations	108,000
Overall capital requirement (the greater of Subtotal A, B or C)	125,000
110% of the overall capital requirement	137,500

Liquidity threshold requirements

The Firm is required to hold an amount of liquid assets equal to one third of their FOR. This is the basic liquid asset requirement and is made up of approved liquid assets, which include, cash, units or shares in short-term regulated money market funds and short-term deposits at UK credit institutions.

However, the basic liquid asset threshold requirement may not be sufficient in times of financial stress, so the Firm has also considered the higher requirement needed to meet:

1. The liquid assets needed at any given point in time to fund ongoing operations as well as to mitigate any adverse trends throughout the economic cycle, or
2. The firm's assessment of liquid assets required in the event of an orderly wind down.

The BoD have determined, in accordance with the low-risk appetite for liquidity, to ensure the entire FOR is held within liquid assets.

Liquidity requirement

	£ (round up to nearest '000)
1/3 of Fixed Overhead Requirement (FOR)	29,000
1.6% of total guarantees provided to clients	0
A - Basic liquid assets requirement	29,000
Estimate of wind down needs above Basic liquid assets requirement	96,000
B – Additional wind down requirement	96,000
Estimate of additional liquidity needs identified in ICARA risk assessment (above Basic liquid assets requirement)	79,000
Estimate of stressed liquidity needs above Basic liquid assets requirement	0
C - Additional ongoing operations requirement	79,000
Overall liquidity requirement (the greater of Subtotal A + B or A + C)	125,000
110% of the overall liquidity requirement	137,500

Approved by Future Money Ltd Board