



# MIFIDPRU8 Disclosures

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31 March 2023

PrimaryBid Limited

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# 1. Introduction

## 1.1 Background

PrimaryBid Limited ('the Firm' "PrimaryBid") is an in-scope non-SNI MIFIDPRU investment firm and its primary activity involves offering fairer access to capital markets for UK retail investors.

This document sets out the MIFIDPRU disclosures that the Firm is required to make under the FCA Handbook section: 'MIFIDPRU 8.1 Disclosure'. The MIFIDPRU Disclosure rules became effective in 2022 and this document is the first disclosure the Firm has made under the new requirements. This release of this disclosure has been made, as the rules require, to coincide with the release of the Firm's 2022/23 financial statements on Companies House<sup>1</sup>.

## 1.2 Scope of Application

PrimaryBid meets the requirements of a MIFIDPRU Investment firm set out in MIFIDPRU 8.1.7 and is not exempt under MIFIDPRU 2.3.1R.

PrimaryBid is out of scope of the following rules and is therefore not required to make the relevant disclosures:

- SYSC 19G.6.19R to SYSC 19G.6.21G (Shares, instruments and alternative arrangements);
- SYSC 19G.6.22R and SYSC 19G.6.23G (Retention policy);
- SYSC 19G.6.24R to SYSC 19G.6.29R (Deferral);
- SYSC 19G.6.35R(2) (Discretionary pension benefits);
- MIFIDPRU 7.1.4R Requirement to have a Remuneration Committee
- MIFIDPRU 8.7 Investment Policy

## 1.3 Disclosure Policy

Unless otherwise stated, the disclosures set out in this document are accurate as at 31 March 2023 in line with the Firm's published financial statements for the financial year 2022/23.

### 1.3.1 Frequency and Means of Disclosures

PrimaryBid publishes its disclosures on an annual basis which are made available on its website ([www.primarybid.com](http://www.primarybid.com)). If there are material changes to the Firm's business or financial statements, then updates to its disclosures may be made more frequently than annually.

### 1.3.2 Verification

The disclosures contained in this document are not subject to audit, except those disclosures prepared under the accounting requirements for publication in financial statements.

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<sup>1</sup> Details of PrimaryBid's filings to Companies House can be found [here](#).

## 2. Risk Management Objectives and Policies

### 2.1 Risk Management Overview

The Board of Directors owns the Firm's risk management processes and has made an assessment of the robustness of the Firm's risk controls.

The assessment has been made on a best endeavours basis of the risks facing the Firm. These have been considered and addressed as far as reasonably possible through the Firm's risk framework.

PrimaryBid's risk management strategy is to limit the total amount of risk exposure so that it does not exceed approved limits or baseline of acceptable risk, we often refer to this risk baseline as the "Risk Appetite". The management of risk is fundamental to our activities both at a strategic and operational level. Subsequent to the period under review the Risk Appetite has been defined and set by the Board of Directors as Cautious (on a scale from least to most risk as Averse, Minimalist, Cautious, Open and Bold).

It is noted that to date the Firm has not experienced any material risk crystallizations. The Board of Directors are satisfied that the risk management arrangements as they stand are sufficient for the purpose of ensuring the Firm's continuity and mitigation of risk.

In 2022/23 the Firm is in its scale-up phase following its successful Series C round of funding concluded in the 2021/22 financial year.

The Firm does not trade in a principal capacity whether outright or on a matched principal basis. The Firm has no trading book, does not run its own account positions nor underwrites. Our service enables issuers to reach out to a retail investor base as easily as they could approach an institutional investor. All the Firm's direct clients have existing ongoing relationships with regulated stockbrokers who provide secondary market dealing services to them. PrimaryBid does not offer any secondary market dealing services. All client assets are held in accordance with CASS. We do not engage in any title transfer activity, stock lending or in any way leverage our clients assets. Our principal risk to the marketplace, if the Firm was to enter insolvency, would be dependent on our ability to perform an orderly wind down.

The Firm's own capital requirements are driven by the need to ensure we are sufficiently capitalised to fund the business through an economic cycle. Our strategic business plans recognise that much of our business risk is derived from the health of the capital markets.

The Firm has negligible concentration risk with no material exposure to a single client or group of connected clients. The Firm continues to have near universal market participant relationships with issuers, advisors and distributors.

The Firm has a very low exposure to liquidity risk. All funds are held as cash in instant access accounts.

The highest risks for this review period the Firm faced are centred on our exposure to the exceptionally quiet capital markets and our operational risks incurred by undertaking the investment services we offer.

## 2.2 Effectiveness of Risk Management Processes

As at the review date the Board believes that the Firm has an effective risk management process. This is evidenced by the degree of alignment between the Firm's internal capital adequacy risk assessment (ICARA) process and the highest residual risks documented, which for the period under review had in order of risk impact the macro economic environment, adverse capital markets, cyber risk and information security, regulatory risk and finally exposure to changes in interest rates, inflation and price volatility.

The Board believes they have proactively committed the financial resources to invest in the systems and controls necessary for the identification and mitigation of risks commensurate with a firm of PrimaryBid's size, complexity and risk footprint.

In line with our Enterprise Risk Management policy, PrimaryBid has determined to position itself as a RegTech company and, as such, needs to manage in a consistent and standardised manner risks that are common in companies operating in highly regulated environments (i.e. financial services), as well as risks that are unique to tech-first, data-driven organisations.

The Firm adopts one of four approaches when considering the effective treatment of identified risks.

**Mitigate:** typically involves implementing a control with the aim of

- A. removing the risk source;
- B. changing the likelihood;
- C. changing the consequences;

**Avoid:** avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk.

**Accept:** retaining the risk by informed decision. Risk acceptance will require sign off by appropriate level of management for a defined period of time after which the risk will need to be re-evaluated.

**Transfer:** sharing the risk with another party or parties (including contracts and risk financing);

The Firm's size and risk footprint means it is not proportionate to have our own internal audit function. The Firm operates a three line of defence model but with the Board of Directors operating where the internal audit function would otherwise be. The Board of Directors believes while the Firm operates to the current scale and complexity this structure is appropriate.

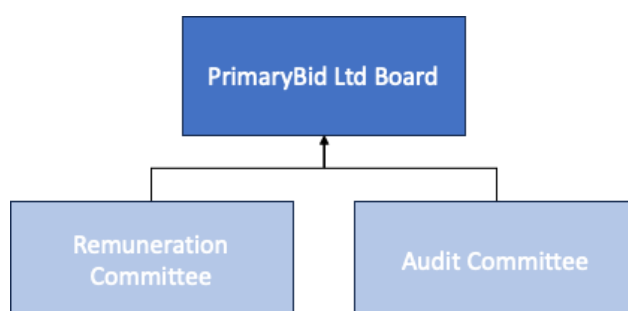
## 3. Governance Arrangements

### 3.1 PrimaryBid Limited Board

The PrimaryBid Limited Board is the governing body of the Firm and is responsible for overseeing the strategic objectives and general management of the Firm. In addition the Board sets the tone for the Firm and reinforces a strong culture of conduct and culture.

As at 31 March 2023, the Board was comprised of the Chief Executive Officer, Chief Financial Officer, Head of UK, Chair of the Board and three Non-Executive Directors.

The following chart shows the governance structure of PrimaryBid Limited, consisting of the Board, Remuneration Committee and Audit Committee:



In addition to the above the Board delegates the day to day running of the business and the execution of the Board's strategy to the Firm's Executive Committee. The Firm's Executive Committee is made up of the three Executive Directors and seven senior employees of the Firm covering the management spectrum of the Firm's activities.

#### 3.1.1 External Directorships Held

The following table sets out the number of global executive and non-executive external directorships held by the Firm's Board of Directors as at 31 March 2023. Directorships of non-commercial entities are excluded.

Name of Director	Position	External Directorships Held
Anand Sambasivan	Chief Executive Officer	0
Kieran D'Silva	Chief Financial Officer	0
James Deal	Head of UK	0
Sir Donald Brydon	Chair of the Board	3

Vinoth Jayakumar	Non-Executive Director	3
Nirav Tolia	Non-Executive Director	7
Charles Walker	Non-Executive Director	0

## 3.2 PrimaryBid Limited Board Committees

As at 31 March 2023, the Firm has a Remuneration Committee and an Audit Committee.

### 3.2.1 Remuneration Committee

The Remuneration Committee is chaired by an independent Non-Executive Director. During the period, the Committee membership was comprised of the Chair of the Board and the Chief Executive Officer.

The Remuneration Committee is described further in section 6.8 below.

### 3.2.2 Audit Committee

The Audit Committee membership was comprised of the Chair of the Board and the Chief Financial Officer.

The duties of the Committee include, but not limited to:

- monitoring the integrity of the financial statements of the Firm; and
- reviewing and reporting to the Board of directors on significant financial reporting issues.

### 3.2.3 Risk Committee

The Firm did not have a Risk Committee as it qualifies for the exclusions detailed in MIFIDPRU 7.1.4R and is therefore not required by MIFIDPRU 7.3.1R to establish a Risk Committee.

## 3.3 Diversity

The Firm is committed to valuing diversity and seeks to provide all staff with the opportunity for employment, career and personal development on the basis of ability, qualifications and suitability for the work as well as their potential to be developed into the job. We believe that people from different backgrounds can bring fresh ideas, thinking and approaches which make the way work is undertaken more effective and efficient.

The Firm will not tolerate direct or indirect discrimination against any person on the grounds of age, disability, gender / gender reassignment, marriage / civil partnership, pregnancy / maternity, race, religion or belief and sex or sexual orientation whether in the field of

recruitment, terms and conditions of employment, career progression, training, transfer or dismissal.

It is also the responsibility of all staff in their daily actions, decisions and behaviour to endeavour to promote these concepts, to comply with all relevant legislation and to ensure that they do not discriminate against colleagues, customers, suppliers or any other person associated with PrimaryBid Limited.

The Firm recognises that diversity is an ongoing priority area for PrimaryBid, and more widely across the financial services sector.



## 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. A reconciliation of own funds to the Balance sheet in the audited financial statements of the Firm are presented within the Appendices.

### 4.1 Own Funds

The table below shows the Common Equity Tier 1 (CET1) capital as at 31 March 2023.

	Item	£'000s	Source based on reference numbers/letters on the balance sheet in the audited financial statements
1	<b>OWN FUNDS</b>	<b>87,602</b>	-
2	<b>TIER 1 CAPITAL</b>	<b>87,602</b>	-
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>87,602</b>	-
4	Fully paid up capital instruments	15	Share capital
5	Share premium	140,381	Share premium account
6	Retained earnings	(50,070)	Profit and Loss account
7	Accumulated other comprehensive income	-	-
8	Other reserves	1,719	Share option reserve
9	Adjustments to CET1 due to prudential filters	-	-
10	Other funds	-	-
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(4,443)	Investment in subsidiary undertaking
19	CET1: Other capital elements, deductions and adjustments		-
20	<b>ADDITIONAL TIER 1 CAPITAL</b>	-	-
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	-	-

## 5. Own Funds Requirements

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 under MIFIDPRU 4.4; its fixed overheads requirement under MIFIDPRU 4.5; its K-factor requirement under MIFIDPRU 4.6

Requirement	£'000s
K-CMH	1
<b>Total K-Factor requirement</b>	<b>1</b>
<b>Fixed Overhead Requirement (FOR):</b>	<b>6,904</b>
<b>Permanent Minimum Requirement (PMR):</b>	<b>150</b>
<b>Own Funds Requirement (maximum of PMR, FOR and K-Factor requirement)</b>	<b>6,904</b>

### 5.1 Assessing Adequacy of Own Funds

The Firm assesses the adequacy of its own funds in accordance with the prescribed permanent minimum capital, fixed overheads and applicable K-factor requirements. In addition, the Firm undertakes an assessment of its own funds requirement through its ICARA process to ensure that it 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 that the Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

## 6. Remuneration Policies and Practices

PrimaryBid has risk-focussed policies and practices which incentivise staff to do the right thing and to avoid taking excessive risk that may harm the Firm. The disclosures set out in this section provide qualitative and quantitative evidence of this.

### 6.1 Remuneration Policy

The PrimaryBid Remuneration Policy is designed to reinforce PrimaryBid's values, ethics and culture, promote right and proper behaviours, and allow the risks associated with remuneration to be avoided or managed,

Remuneration structures at PrimaryBid have been designed to reward individuals based on profitable, sustainable, compliant and right behaviours.

Individuals' remuneration consists of a basic package which is payable in any event and represents a market rate for the duties undertaken. Variable remuneration is linked to overall business and individual performance, payments are discretionary and will only be awarded on the basis that the individual has contributed to the long-term sustainable well-being of the business and is measured across a range of factors.

PrimaryBid does not pay sales commissions or have any sales incentive based pay.

### 6.2 Link Between Remuneration and Performance

Performance is assessed continuously against company and individual performance goals. Discretionary bonus is linked to performance, the amount of any discretionary bonus is awarded in line with overall business performance, however payments are discretionary and will only be awarded on the basis that the individual has contributed to the long-term sustainable well-being of the business and the Firm's business strategy measured across a range of factors linked to overall performance, competence and behaviours, compliance with the FCA's requirements and other factors considered relevant as outlined in Job Descriptions.

When assessing individual performance only the above criteria are taken into account.

Bonuses are paid via the payroll alongside usual salary payment, and are subject to usual tax and national insurance deductions. There is no retention clause applied to bonus payments.

Salary is determined based on performance against competency and skills required to fulfil role expectations as determined in Job descriptions, salary amount is determined via industry benchmarking.

Any variable remuneration can be withheld in the event of underperforming against expected behaviours, gross misconduct or gross or wilful negligence. This can include adversely affecting the reputation of PrimaryBid such as bringing PrimaryBid into disrepute or a breach of contract of employment or engagement. Examples of this could be inappropriate conduct and

non-compliant behaviour, suppressing documents and discrimination in the workplace.

Any underperformance against the competency and skills required for each role will be dealt with under the company's disciplinary process, discretionary bonuses are not eligible for those underperforming in any areas of their role.

### 6.3 Fixed Remuneration

Fixed remuneration at PrimaryBid is established by salary bands for each job family and level, which is based on the market rate of skills & experience for the respective position. Salary bands set clear standards, that:

1. Prevent us from being influenced by strong negotiators and reduce the subjectivity and bias in our pay decisions.
2. Minimise reactive compensation increases, like individual counter offers to prevent people leaving, which lead to unfair distortions.

Further elements of fixed remuneration include:

1. Pension payments capped at 5% of salary
2. Healthcare plans

### 6.4 Variable Remuneration

Any discretionary bonus payment is awarded due to the result of the business and individual performance. PrimaryBid caps bonuses at 15% of basic salary to discretionary bonus.

There are no sales targets or sales commissions, therefore as bonus payments are not rewarded based on goal outputs it will not incentivise behaviour not aligned to values.

PrimaryBid does not guarantee any variable remuneration and ensures any payments reflect high performance and not reward failure. Apart from discretionary performance bonuses, approval of which has been through a rigorous internal process reported to and approved by the Remuneration Committee. PrimaryBid does not offer any other variable payment other than proper reimbursement of expenses or on-call payments.

### 6.5 Material Risk Taker Remuneration

Material Risk Taker (MRT) fixed compensation includes basic annual salary, employer pensions contributions and other benefits, and variable compensation includes discretionary bonus.

The following table sets out the aggregated fixed and variable remuneration for Senior Management<sup>2</sup> and other MRTs (PrimaryBid has 12 MRTs in total, made up of 3 Senior Management and 9 Other MRTs).

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<sup>2</sup> Those natural persons who exercise executive functions in *MIFIDPRU investment firms* and who are responsible and accountable to the *management body* for the day-to-day management of the *firm*.

<b>Aggregate fixed and variable remuneration up until the year ending 31 March 2023</b>	<b>Senior Management</b>	<b>Other MRTs</b>
Total fixed compensation	£773,994.00	£1,763,394.00
Total variable compensation (cash + non-cash aspects)	£63,000.00	£68,230.77
Cash aspects of variable compensation	£63,000.00	£68,230.77
Non-cash aspects of variable compensation	-	-
<b>Total (fixed + variable compensation)</b>	<b>£836,994.00</b>	<b>£1,831,624.77</b>

## 6.6 Deferred Remuneration

PrimaryBid is not in scope of SYSC 19G.6.24R to SYSC 19G.6.29R on deferred remuneration and therefore has no disclosure to make.

## 6.7 Sign-On and Severance Payments

Up until the year end 31 March 2023, there were no payments in respect of 'signing-on' or severance.

## 6.8 Remuneration Committee

At the end of 31 March 2023, the Remuneration Committee membership was as follows:

<b>Name</b>	<b>Role</b>
Anand Sambasivan	Chief Executive Officer
Sir Donald Brydon	Chair of the Board

The Remuneration Committee's main purpose is oversee all aspects of remuneration at the Firm, including, but not limited to:

- determining the remuneration policy;
- determining and agreeing with the Board the framework or broad policy for the remuneration of the company's Chairperson and the executive directors;
- recommending and monitoring the level and structure of remuneration for senior management;

- reviewing the ongoing appropriateness and relevance of the Remuneration Policy; and
- approving the design of, and determining targets for, any performance related pay schemes operated by the company and approving the total annual payments made under such schemes.

The Remuneration Committee did not receive any external advice on remuneration matters during the relevant time period.

## **7. Investment Policy**

PrimaryBid is not in scope of 'MIFIDPRU 8.7 Investment Policy' and therefore is not required to make a disclosure.

## 8. Appendices

### 8.1 Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

		a	b	c
		Balance sheet as in published/ audited financial statements	Under regulatory scope of consolidation	Cross Reference to template OF1
		As at 31 March 2023 (£'000s)	As at 31 March 2023 (£'000s)	
<b>Assets</b> - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Investment in subsidiary undertaking	4,443	-	Item 11
2	Other Investments	2	-	-
3	Tangible Fixed Assets	803	-	-
4	Debtors	2,830	-	-
5	Cash at bank in hand	86,854	-	-
	<b>Total Assets</b>	<b>94,932</b>	-	-
<b>Liabilities</b> - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Credits: amounts falling due within one year	2,887	-	-
2	Provisions for liabilities and charges	-	-	-
	<b>Total Liabilities</b>	<b>2,887</b>	-	-
<b>Shareholder's Equity</b>				
1	Share Capital	15	-	Item 4
2	Share Premium	140,381	-	Item 5
3	Share Option Reserve	1,719	-	Item 8
4	Profit and loss account	(50,070)	-	Item 6
	<b>Total Shareholder's Equity</b>	<b>92,045</b>	-	



## 8.2 Own funds: main features of own instruments issued by the Firm

The capital instruments issued by the Firm that qualify as Common Equity tier 1 instruments are Share Capital and Share Premium. The Firm has not issued any debt instruments.