

Disclosures

OANDA Europe Limited

Contents

1.	MIFIDPRU 8.1: Disclosure Requirements	3
1.1	Introduction.....	3
1.2	Frequency and scope	3
2.	MIFIDPRU 8.2: Risk Management Objectives and Policies	3
2.1	Risk Management Framework	3
2.2	Material Risks	4
3.	MIFIDPRU 8.3: Governance arrangements.....	4
3.1	Governance arrangements	4
3.2	Number of Directorships.....	6
3.3	Diversity	6
4.	MIFIDPRU 8.4: Own funds	6
4.1	Own funds.....	6
5.	MIFIDPRU 8.5: Own funds requirements.....	8
5.1	Own Funds.....	8
5.2	Adequacy of Own Funds.....	8
6.	MIFIDPRU 8.6: Remuneration policies and practices.....	9
6.1	Decision Making Process for Determining Remuneration Policy	9
6.2	Link between Pay and Performance	10
6.3	Material Risk Takers Criteria.....	12
7.	MIFIDPRU 8.7: Investment Policy.....	12
8.	Further information.....	13

1. MIFIDPRU 8.1: Disclosure Requirements

1.1 Introduction

These disclosures are as at 31 December 2022 and are prepared in accordance with MIFIDPRU 8 standards as implemented by the Financial Conduct Authority (FCA). OANDA Europe Limited (“OEL” or “the Company”) is a Non-SNI MIFIDPRU Investment Firm.

MIFIDRU 8 sets out the disclosure of OEL. The key areas required for disclosure are:

- 1) Disclosure requirements (MIFIDPRU 8.1)
- 2) Risk management objectives and policies (MIFIDPRU 8.2)
- 3) Governance arrangements (MIFIDPRU 8.3)
- 4) Own funds (MIFIDPRU 8.4)
- 5) Own funds requirements (MIFIDPRU 8.5)
- 6) Remuneration policy and practices (MIFIDPRU 8.6)
- 7) Investment policy (MIFIDPRU 8.7)

1.2 Frequency and scope

OEL is a private limited liability company incorporated in England and Wales, and is authorised and regulated by the FCA with permissions under Part IVA of the Financial Services and Markets Act 2000 (Firm Reference Number 542574).

OEL’s core business is retail online Contracts for Difference (“CFD”) and Spreadbets on a range of asset classes, including: foreign currencies, metals, bonds, commodities and indices.

The immediate controlling entity of OEL is OANDA Global Corporation (“OGC”), a company incorporated in Delaware, United States of America. The ultimate controlling entity is CVC Capital Partners (“CVC”) Asia Pacific IV L.P, a company incorporated in Jersey. OEL is a wholly owned subsidiary of OGC and part of the OANDA international group of companies (“OANDA”).

The disclosures are made and published on the firm’s website on an annual basis, www.oanda.com/uk-en/legal/disclosures

2. MIFIDPRU 8.2: Risk Management Objectives and Policies

The following information has been sourced from the firm’s Internal Capital Adequacy and Risk Assessment (ICARA) and financial statements with respect to MIFIDPRU 8.2 Risk management objectives and policies.

2.1 Risk Management Framework

The Board is responsible for the risk management framework of OEL and ensuring that an appropriate governance and internal control system is in place to manage principal risks. Risk management is fundamental to OEL’s business, and it seeks to embed a culture of risk management. The Board sets the overall level of risk and takes responsibility for the assessment

of the risks faced by the firm and how these are managed. The Board believes that it has put in place adequate systems and controls given the firm's risk profile and strategy.

The Risk Committee and the delegated Senior Manager under SMCR ensure that OEL has updated policies in place such that the firm is able to:

- identify, measure, aggregate and monitor its risks;
- hold adequate internal capital in relation to its risk profile;
- manage and control identified risks; and
- promote accountability and risk control.

Risk appetite is the general level of risk OEL is willing to accept while pursuing its business objectives. OEL's risk appetite reflects that of the OANDA Group risk appetite. It is of a predominantly low risk nature, other than where appropriate risks may be taken in a balanced approach, to meet the challenges of an evolving business in a highly competitive environment.

2.2 Material Risks

The firm carried out an assessment of the risks that the firm is and could potentially be exposed to in the normal course of its business.

OEL aims to take and manage risks that are proportionate to its strategy. In doing so, management will seek to:

- preserve strong capital and liquidity positions;
- ensure that the firm's behaviours and activities protect and enhance its reputation; and
- operate within set risk related policies, limits, and thresholds.

The principal risks OEL is exposed to during the normal conduct of its business activities are:

- Credit Risk
- Operational Risk
- Business Risk and
- Group Risk

The risks are named in this order as they are listed in the IFPRU, not MIFIDPRU, as the firm decided to use the temporary regime TP2, referencing to IFPRU, for 5 years (2022-2026). The following sections explain how these risks manifest themselves in the firm's business model.

3. MIFIDPRU 8.3: Governance arrangements

3.1 Governance arrangements

The firm's management body is the Board of Directors and as at 31st December 2022 comprised of 5 executive Directors:-

- Gavin Bambury, Chief Executive Officer (UK)
- Hazelle Anderson, Compliance Director (UK)
- Kevin Ryan, Director (CANADA)

- Kurt Vom Scheidt, Chief Operating Officer (UK)
- Mark Chesterman, Chief Risk Officer (UK)

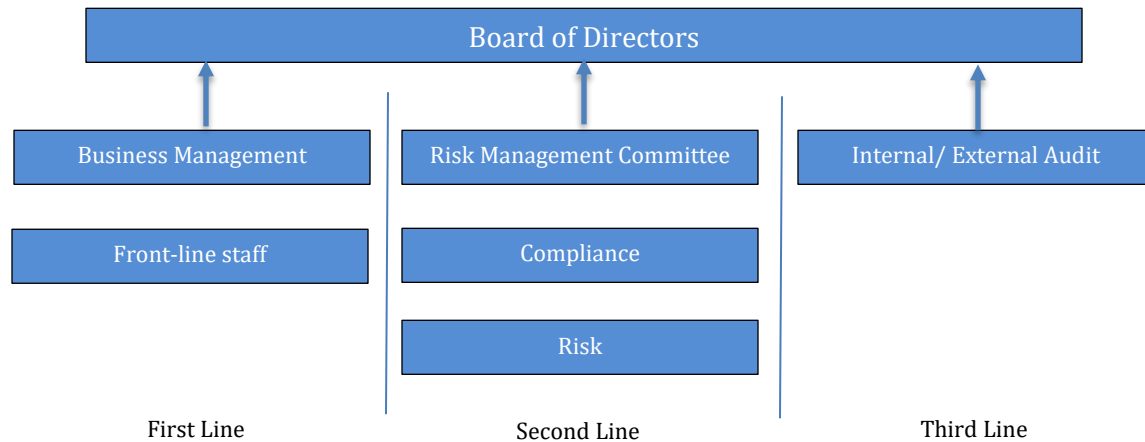
Board meetings occur quarterly, with additional meetings as necessary.

The firm ensures that members of the management body meet the requirements of SYSC 4.3A.3R, and in accordance with the Senior Managers Regime it has allocated responsibility for oversight of critical areas of the firm's business to members of the management body. The company ensures that each member:

- is of sufficiently good repute;
- possess sufficient knowledge, skills and experience to perform their duties;
- possess adequate collective knowledge, skills and experience to understand the firm's activities, including the main risks;
- reflects an adequately broad range of experiences;
- commits sufficient time to perform their functions in the firm; and
- acts with honesty, integrity and independence of mind to effectively assess and challenge the decisions of senior management where necessary and to effectively oversee and monitor management decision-making.

In accordance with MIFIDPRU 7.3R, the firm has a Risk Committee which is responsible for its risk management framework. The committee meets monthly and reports to the OEL Board quarterly. The day-to-day running of the business is directed by the senior management team.

OEL's Governance Structure



3.2 Number of Directorships

Listed below are the executive and non-executive directorships held by the members of OEL's Board of Directors (not including OANDA Group directorships) as at the year ended 31st December 2022.

Directors	Number of Non-Executive Directorships	Number of Executive Directorships
Gavin Bambury	0	0
Hazelle Anderson	0	0
Kevin Ryan	0	0
Kurt Vom Scheidt	0	0
Mark Chesterman	0	0

3.3 Diversity

OEL's Remuneration Policy and practices are gender neutral and, in accordance with the Equality Act 2010 do not discriminate on the basis of the protected characteristics of an individual. Remuneration is assigned by role and not based on protected characteristics of an individual. All roles are filled based on competency to undertake the role, in accordance with the OANDA group's approach to equality, diversity and inclusivity.

4. MIFIDPRU 8.4: Own funds

4.1 Own funds

The table below shows the Own Funds as at 31st December 2022, based on OEL's audited Financial Statements. The firm holds Common Equity Tier 1 which incorporates share capital, retained earnings and other reserves.

Own funds composition

Rows	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
		As at 31.12.2022	
1	OWN FUNDS	10,013	
2	TIER 1 CAPITAL	10,013	
3	COMMON EQUITY TIER 1 CAPITAL	10,013	
4	Fully paid up capital instruments	7,540	FS note No.18
5	Share premium		
6	Retained earnings	2,790	FS note No.18
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	OTHER FUNDS	(318)	FS note No.10
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
12	CET1: Other capital elements, deductions and adjustments		

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

	Balance sheet as in published/audited financial statements (£m's)	Cross-reference to template OF1
As at 31.12.2022		
Assets		
1 Debtors	8.0	N/A
2 Cash and cash equivalent	5.8	N/A
3 Tangible assets	0.1	N/A
4 Intangible assets	0.3	N/A
Total Assets	14.2	
Liabilities		
1 Trade creditors	0.2	N/A
2 Other creditors	3.7	N/A
Total Liabilities	3.9	

Shareholders' Equity			
1	Share capital	7.5	<i>Row No.4 of OF</i>
2	Retained earnings	2.8	<i>Row No.6 of OF</i>
Total Shareholders equity		10.3	
Total Liabilities and Shareholder Equity		14.2	

5. MIFIDPRU 8.5: Own funds requirements

5.1 Own Funds

In accordance with MIFIDPRU 4.3, OEL maintains own funds that are equal to or greater than its Own Funds requirements.

	Amount (GBP '000)
Permanent minimum requirement (PMR) (A)	750
Fixed Overhead requirement (B)	2,862
Kfactor Requirement (C)	3,248
Own Funds Requirement	3,248

The breakdown of the Kfactor requirement as at 31st December 2022 is disclosed below:

Kfactors	Amount (GBP '000)
K-CMH Client money held	145
K-COH Client orders handled	39
K-NPR Net position risk	0
K-DTF Daily trading flow	38
K-TCD Trading counterparty default	2,447
K-CON Concentration risk	579
Total Kfactors	3,248

*AUM, ASA, CMG is not applicable to OEL

5.2 Adequacy of Own Funds

From 1st January 2022, OEL has been subject to the Investment Firm Prudential Regime (IFPR), the new prudential regime for UK firms subject to the MIFIDPRU Sourcebook. The IFPR introduces an Internal Capital Adequacy and Risk Assessment (ICARA) process for all FCA Investment firms. Through this, firms are expected to meet the Overall Financial Adequacy Rule (OFAR). This establishes the standard the FCA applies to determine if an FCA investment firm has adequate financial resources.

The OFAR requires an FCA investment firm, at all times, to hold adequate own funds and liquid assets to:

- ensure it can remain viable throughout the economic cycle, with the ability to address any potential harm from its ongoing activities; and
- to allow its business to wind-down in an orderly manner.

OEL has carried out an assessment as part of its ICARA process. The ICARA is produced on an annual basis and reviewed and updated more frequently if there are any material changes to the business model and business risk profile.

The ICARA process focuses on on the following:

1. **Identify and monitor harms:** Operating systems and controls to identify and monitor all material potential harm.
2. **Undertake harm mitigation:** Consider and put in place appropriate financial and non-financial mitigants to minimise the likelihood of crystallisation and/or impact of the material harm.
3. **Undertake business model assessment, planning and forecasting:** Forecasting capital and liquidity needs, both on an ongoing basis and were they to have to wind-down. This must include expected- and stressed-scenarios. it is not enough for an FCA investment firm to only consider the impact of a business model and strategy on its current and future cash-generative powers. It is also expected to identify misalignments between the business model and the interests of clients and the wider market.
FCA investment firms are to conduct a forward-looking assessment of capital and liquidity requirements as part of business, capital, and liquid assets planning. This must include an assessment of how a severe, but plausible economic or idiosyncratic stress could affect its ability to meet the OFAR. FCA investment firms should set out the assumptions that underpin their chosen scenarios, and the impact on individual business lines and portfolios, as well as the firm overall.
4. **Undertake recovery action planning:** Determine appropriate and credible recovery actions to restore own funds or liquid resources where there is a risk of breaching threshold requirements tied to specific intervention points.
5. **Undertake wind-down planning:** Set out at entity-level credible wind-down plans, including timelines for when and how to execute these plans.
6. **Assess the adequacy of own funds and liquidity requirements:** Where, in the absence of adequately mitigating risks through systems and controls, the FCA investment firm assesses those additional own funds and liquid asset are required to cover the risk.

6. MIFIDPRU 8.6: Remuneration policies and practices

OEL is subject to the MIFIDPRU Remuneration Code set out in SYSC 19G.

6.1 Decision Making Process for Determining Remuneration Policy

OEL's Board has approved its Remuneration policy, prepared with the assistance of a third-party consulting firm. Remuneration recommendations are made by line management, which are scrutinised by the Group Compensation Committee, on which OEL's CEO is a member and the Senior Manager (under SMCR) responsible for staff remuneration on behalf of the OEL Board. The Board then approves a Board Resolution for payment of bonuses. The policy ensures the adequacy of all staff remuneration.

6.2 Link between Pay and Performance

The remuneration policy supports business strategy and is designed to ensure that remuneration remains competitive and provides incentive for appropriate performance. Base compensation increases and variable compensation payments are linked to appropriate performance, as evaluated on an annual basis via a formal evaluation process.

Design characteristics

The Directors' and Senior Managers' remuneration is directly overseen by the Group Compensation Committee. The heads of Risk Management and the Compliance function do not have direct influence over their remuneration levels.

OEL is contractually obliged to pay the fixed compensation element of all employees' remuneration, including those deemed 'control functions', whilst variable payment depends on the performance of both the individual and the firm.

All OEL staff receive fixed compensation (base pay), and all are eligible for variable compensation. Variable compensation can take the form of either commission or a discretionary bonus.

OEL ensures that the fixed and variable components of total remuneration are appropriately balanced and that the fixed component represents a sufficiently high proportion of total remuneration to enable the operation of a fully flexible policy on variable remuneration. OEL pays a competitive base salary and sales commission is subject to an overall cap.

In addition, the ratio between fixed and variable compensation is not permitted to exceed 1:1 for all functions, including risk taking functions. This ensures that there is sufficient weighting towards an individual's base compensation package. The firm considers that this acts as a deterrent against excessive risk taking whilst noting that OEL is a "limited activity" firm which inherently restricts the level of market/credit risk it can take on. OEL's Remuneration Policy also serves to support OEL's overall approach to risk management.

Variable component

OEL makes two types of variable payments to its staff, they are:

1. Annual Bonuses

All OEL staff, not eligible for commission payments, may benefit from an annual discretionary bonus payment. The extent of these payments is decided by line management, using the OANDA Group's methodology in recognition of the individual's contribution and performance against their objectives. Bonuses are based on overall contribution to the success of OANDA as a whole and are subjective and not driven by the achievement of monetary targets. Annual bonuses do not exceed 100% of salary. The size of the bonus pool is decided by the OANDA Global Corporation Board, OEL's owners, and the total bonus payment to staff requires OEL Board Approval. The size of the bonus

pool is driven by the overall performance of the firm and the Group, over the relevant period. The key financial performance measures when determining the bonus pool are revenue and EBITDA, taking into consideration the firm's regulatory capital requirements.

2. Commission Scheme

The Retail Sales and Relationship Management Teams are not eligible to receive discretionary bonuses but are instead part of an OEL specific commission scheme which is subject to a Financial Incentives review, sign off by senior management, and approval by OEL's Board.

Commission structures vary based on the individual role and each is documented and approved by OEL's Board.

OEL ensures that the fixed and variable components of total remuneration are appropriately balanced and that the fixed component represents a sufficiently high proportion of total remuneration to enable the operation of a fully flexible policy on variable remuneration. OEL pays a competitive base salary and sales commission is subject to an overall cap.

OEL has detailed policies and procedures in place to ensure that it is complying with its capital requirements (in accordance with the firm's ICARA.) To the extent that the payment of any remuneration would trigger a breach of the firm's capital requirements, it would not be actioned.

Staff are not guaranteed payment of variable remuneration and any payment is subject to the firm's overall performance. As such, total remuneration is based on a combination of the firm's assessment of an individual's performance, and the firm's overall performance (i.e., revenue and profitability).

Performance is measured at three levels:

- 1) the individual level (i.e. the personal contribution of staff members);
- 2) the business level (i.e. the relevant department within the firm); and
- 3) the firm level (i.e. the firm's overall performance).

a) Individual

At the individual level a number of factors are taken into consideration when assessing performance. This includes, amongst other things, an assessment of the individual's competence, the level of customer complaints made against the individual, and the individual's overall level of contribution, including contribution to the firm's overall profitability.

b) Business

At the business level, a number of further factors are taken into account. These include: the number of new clients that have joined the firm, the extent to which existing clients have been retained, and the amount of assets under management within the relevant business lines.

c) Firm

At the firm level, the key financial performance metrics are: (i) overall revenue; and (ii) EBITDA.

OEL retail sales and relationship management employees can be subject to downward adjustment of variable pay should their performance render it necessary, including where appropriate the claw back of remuneration.

In the event that a downward performance adjustment is required, the matter would be escalated to Compliance and Human Resources in the first instance. Following an investigation into the matters concerned, Compliance/Human Resources may then escalate the matter to relevant management committees if it is determined that further action is required.

6.3 Material Risk Takers Criteria

The rule requires the identification of individuals whose employment activities have a material impact on its risk profile (known as 'Material Risk Takers'), and the rule requirements and disclosures apply to those individuals. The following criteria have been identified as meeting the FCA's requirements for Material Risk Takers:

- Individuals who have the ability and authority to make decisions that may impact the material risk areas or the firm's assets detailed in internal risk documentation; and
- Individuals designated as Senior Managers and Certified staff under the Senior Manager Regime.

Code Staff Aggregate Remuneration for 2022

	Directors		Material Risk Takers		Other Employees	
	Number of recipients	Amount (£'000)	Number of recipients	Amount (£'000)	Number of recipients	Amount (£'000)
Fixed remuneration	5 (See Note 1)	926	8 (See Note 2)	581	76	3710
Variable remuneration	5 (See Note 1)	363	7 (See Note 3)	162	48	1151
Share-based payments	5 (See Note 1)	117	3 (See Note 4)	30	4	40
Severance					2	29
TOTAL		1,406		773		4,930

Note 1 - one (1) mid-year appointment

Note 2 - three (3) appointments during the year and, one (1) mid-year transfer to Director

Note 3 - two (2) appointments during the year and, one (1) mid-year transfer to Director

Note 4 - one (1) mid-year transfer to Director

During the year, four of the five directors were employed directly by the Company. The other Director was employed and remunerated by another firm within the OANDA Group.

7. MIFIDPRU 8.7: Investment Policy

In accordance with MIFIRDPRU 8.7.1R a firm is only required to disclose information in relation to its investment policy when the following circumstances apply:

- its shares are admitted to trading on a regulated market;
- the proportion of voting rights that the MIFIDPRU investment firm directly or indirectly holds in that company is greater than 5% of all voting rights attached to the shares issued by the company; and
- only in respect of shares in that company to which voting rights are attached.

OEL does not meet these requirements, therefore it is not required to disclose any information relating to its investment policy.

8. Further information

Should you require any further information, please contact:

UK Finance Manager
OANDA Europe Limited
6 Dashwood House
69 Old Broad Street
London
EC2M 1QS