



Citadel France SAS

Pillar 3 Disclosures

31 December 2025

Firm overview

Citadel France SAS ('HFFRA' or the 'firm') is an investment service provider, regulated by the ACPR and supervised by the AMF for the provision of the following activities:

- Portfolio management,
- Investment advice

HFFRA is a subsidiary of Citadel Hedge Fund Holdings LP, a Delaware limited partnership, and part of the Citadel Group. HFFRA is an independent sub-advisor to the Citadel Group portfolio manager Citadel Advisors LLC ('CALC') pursuant to a Sub-Advisory and Management Agreement. CALC is a Delaware registered entity appointed to manage the assets of a number of investor-facing funds. The firm's LEI is 549300PD3MYDT7QR0C92.

Disclosure overview

HFFRA is categorized as a Class 2 non-small and non-interconnected (non-SNI) investment firm under the Investment Firm Regulation (EU) 2019/2033 ('IFR') and Investment Firm Directive (EU) 2019/2034 ('IFD'). The firm is required under IFR to maintain adequate financial resources to ensure there is no significant risk that liabilities cannot be met as they fall due. IFR comprises three 'pillars' of prudential supervision:

- Pillar 1 sets out the minimum capital requirements firms are required to maintain;
- Pillar 2 deals with the Internal Capital and Risk Assessment Process ('ICARAP'), through which the firm and the regulator satisfy themselves regarding the adequacy of capital relative to the risks the firm faces or could cause and controls it has in place; and
- Pillar 3 aims to encourage market discipline by developing a set of disclosure requirements which will allow market participants to assess key pieces of information on a firm's capital resources, risk exposures and risk assessment process.

The Pillar 3 disclosures have been prepared solely to comply with regulatory requirements under IFR to provide public information on the firm's risk management objectives and policies; capital position; capital requirements under Pillar 1; and approach to assessing the adequacy of capital and remuneration policies. The data presented in this report refers to HFFRA's regulatory position and operating and governance structures in place as at 31 December 2025 and should be read in conjunction with the firm's annual report and financial statements.

Frequency and means of disclosure

In accordance with IFR Article 46, the disclosures are issued at a minimum on an annual basis at the same time as HFFRA's annual financial statements are published. The disclosures are reviewed and approved by HFFRA's Dirigeants Effectifs and Board of Directors. HFFRA is not part of a French regulated Group for the purposes of IFR disclosure requirements and is regulated by the ACPR on a 'solo' basis. The firm's accounts are prepared under French GAAP.

Risk management objectives and policies

Risk management is the process of identifying the principal risks to the firm achieving its strategic objectives, establishing appropriate controls to manage those risks and ensuring that appropriate monitoring and reporting systems are in place to ensure that controls remain robust and evolve with the changing risk profile of the firm.

The Board of Directors has overall responsibility for the establishment and oversight of the firm's risk and control framework. This is documented by the Board in the firm's Risk Appetite Statement, which identifies the key risks faced by the firm and sets appropriate risk tolerance limits and key quantitative metrics to monitor and control each risk category. The risk appetite limits set out in the Risk Appetite Statement are reviewed at least annually to reflect changes in market conditions and the firm's activities. These are separate from the risk management in place for the funds, for which the firm acts as a sub-advisor.

The firm's support functions include HR, Treasury, Operations, IT, Finance, Facilities, Risk management ('PCG'), Legal and Compliance. These functions help to assess and monitor significant categories of risk in their respective areas to ensure risk is managed appropriately. The organisational structure for risk management is designed to facilitate reporting and escalation of risks faced by the Firm to the Executive and Operating Committee ('EOC').

An additional Line Of Defence (3rd LoD) is provided by the firm's internal audit function (outsourced to Grant Thornton France), which provides an independent review of the firm and reports to the Board and Internal Audit Committee. The Internal Audit function provides an objective, independent assessment of the adequacy and effectiveness of internal controls across the business.

As part of the ICARAP, HFFRA assesses the amount of capital that it considers adequate to cover the level and nature of risks to which the firm is or might be exposed. This includes identification of risks that are inadequately covered or not covered at all under Pillar 1, for which additional capital should be set aside. The ICARAP forms an integral part of the firm's risk management processes and capital management strategy. It is updated at least annually and is reviewed and approved by the Board of Directors. The ICARAP includes stress testing to supplement its risk management framework and factors this into capital and liquidity planning procedures.

Governance arrangements

Members of the Board of Directors of HFFRA are selected and appointments to management committees are made on the basis of merit, experience and, where applicable, actual responsibilities within the firm, taking into account judgement, character, expertise, skills and knowledge useful to the oversight of the firm's businesses.

The firm will also take into consideration the balance and interplay of knowledge, skills, diversity of viewpoints and experience of the board of directors and management committees as a whole when looking to make appointments to build effective, collegial and functioning governance arrangements which can be responsive to the needs of the firm.

Set out below are the members of the Board of Directors of HFFRA as of 31 December 2025:

Number of directorships	
S. Atkinson	1
M. Feau	1
A. Lakhani	1

For the purpose of the above, directorships held within the same group count as a single directorship.

Board Declaration – Adequacy of Risk Management Arrangements

The Board of Directors of HFFRA is satisfied that Management has taken reasonable care to establish and maintain risk systems and controls as appropriate to the business.

Diversity and Inclusion

Citadel is an equal opportunity employer, whose aim is to have a diverse workforce and for it to be representative of the make-up of society. All individuals are considered for employment and advancement opportunities without regard to race, creed, colour, religion or belief, political opinion, gender, sex, sexual orientation, gender re-assignment, pregnancy or maternity, marital status, civil partnership, ethnic or national origin, age or disability. Whilst appointments to the Board of Directors are made on the basis of merit, experience and actual responsibilities, when considering appointments to the Board, the Board also takes into consideration the balance of its knowledge, skills, diversity and experience collectively as a whole.

Risk exposure overview

The firm has conducted a comprehensive risk identification exercise by risk category by function across the business to ensure that all significant risks have been identified and captured by the risk management infrastructure. All significant risks have been documented, scored and the level of exposure has been estimated using a matrix of parameters.

The high level summary of the key risk assessments for the firm is as follows. All risks are regularly monitored by the EOC using key risk indicators to ensure they are within agreed parameters:

Market Risk

Market risk is the risk of loss that arises from adverse movements in financial markets; HFFRA is not authorised to undertake proprietary trading and therefore the firm's market risk is limited to foreign exchange exposure on the balance sheet. The functional currency of the firm is Euro. Certain assets and liabilities are denominated in currencies other than EUR, and as a consequence the firm does have a potential exposure to foreign exchange rate movements. The firm actively monitors non-EUR exposures and seeks to limit the potential adverse effects of foreign exchange transactions on the financial performance of the firm.

Credit Risk

Credit risk is the risk of loss if another party fails to perform its obligations arising in the normal course of business. The principal credit risk for HFFRA is the exposure to receivable balances from group undertakings. The firm's bank balances are segregated from those of the group and placed with a highly rated bank. The bank accounts are managed and controlled independent of the global cash management function.

Liquidity and Capital Adequacy Risk

Liquidity risk is the risk of not being able to meet liabilities as they fall due. Capital adequacy risk is the risk of insufficient capital to ensure the Firm's viability, or meet internal, regulatory, or contractual obligations, specifically the Firm's ability to maintain its capital above required thresholds. The firm has implemented an effective, ongoing process to identify liquidity and capital adequacy risk, to measure its potential impact against appropriate assumptions and then to ensure that such risks are actively managed.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It also includes reputational, cyber security and outsourcing risks. The firm manages operational risks via its operational risk framework. KRIs associated with operational risk are tracked monthly and presented to the EOC.

Business Risk

Business risk is the risk of loss inherent in the firm's operating, business and industry environment. HFFRA has a single client, CALC, and the existing fee structure ensures that fee income covers all costs. This structure provides HFFRA management with a level of comfort and the firm would be able to reduce its cost base in a controlled manner if necessary.

Compliance, Legal and Regulatory Risk

Compliance, Legal and Regulatory Risk is the risk that the firm fails to adhere to its compliance, legal or regulatory requirements. Conduct Risk is a sub-type of Legal, Compliance and Regulatory Risk; it is the risk that all employees, directors and officers do not adhere to the core values of the firm, leading to improper business practices which have the potential to cause detriment to customers, the firm, other market participants and / or negatively impact on the fair, orderly and effective functioning of the financial markets.

Concentration Risk

Concentration risk is the risk arising from the strength or extent of a firm's relationships with, or direct exposure to, a single client or group of connected clients. HFFRA does not deem intragroup exposures to result in concentration risk as the receivables and payables to/from HFFRA is vertical in the organizational structure. The affiliated entities share the similar control frameworks as HFFRA, so the firm is immediately aware of the financial condition of the affiliates (unlike with external counterparties), which minimises intragroup risk.

Environmental, Social and Governance Risk (ESG)

ESG risks are environmental, social and governance risks that could negatively impact the business strategy, financial performance or solvency of the firm. HFFRA considers the following ESG risks to its business:

- Physical risks, which relate to the impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as environmental degradation such as air, water and land pollution. This can lead to events that directly impact the firm through disruption in business activity or indirectly through the disruption of its supply chains
- Transition risk, which refers to the direct or indirect impact of the process of adjustment to a lower carbon and more environmentally sustainable economy. For example, this could be triggered by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences

HFFRA provides portfolio management services to a Citadel entity under common control with a mandate to deploy its strategies to achieve an effective risk adjusted return. The portfolios managed by HFFRA do not seek to promote one or more ESG characteristics (for the purposes of Article 8 of SFDR) and do not aim at sustainable investment or reducing carbon emissions (for the purposes of Article 9 of SFDR). HFFRA may, if deemed appropriate by the relevant investment professional, consider the potential impact of ESG factors on the prospective financial performance of a proposed investment, but is under no obligation to do so. To the extent that HFFRA deems any ESG factors to be relevant, it will consider these in the investment decision-making process.

Capital resources

HFFRA maintains a capital base that is appropriate to support the development of the business and ensures regulatory capital requirements are met at all times.

The firm's capital resources are entirely made up of Common Equity Tier 1 permanent capital. HFFRA has no long-term debt and no intangible assets to deduct. There are no current or foreseen material practical or legal impediments to the prompt transfer of capital resources or repayment of liabilities.

As at 31 December 2025, HFFRA held CET1 capital of EUR 30.0m. See appendices for details.

Pillar 1 Capital Requirement

In accordance with Article 11 of IFR, the own funds requirement for HFFRA is the higher of the:

- a. fixed overheads requirement
- b. permanent minimum capital requirement
- c. K-factor requirement

As at 31 December 2025, HFFRA's capital requirement was EUR 18.0m per below.

	EUR 000s
Permanent Minimum Requirement	75
Fixed Overhead Requirement	5,248
Risk to Client	16,355
Risk to Market	1,601
Risk to Firm	-
Total K-Factor Requirement	17,956

The fixed overhead requirement was calculated in accordance with Article 13 of IFR.

Risk-to-Client (RtC) K-factors are calculated in accordance with Chapter 2, Title 2 of IFR.

Risk-to-Market (RtM) K-factors calculated in accordance with Chapter 3, Title 2 of IFR.

Risk-to-Firm (RtF) K-factors calculated in accordance with Chapter 4, Title 2 of IFR.

Pillar 2

Under Pillar 2, firms are required to undertake a regular assessment of the amounts, types and distribution of capital that they consider adequate to cover the level and nature of risks to which they are, or might be, exposed. Firms should identify risks which are inadequately covered under Pillar 1 and set aside additional Pillar 2 capital against these risks.

As part of the ICARAP, HFFRA documents the firm's internal systems and controls that identify and manage potential material harms that may arise from the operation of its business, and ensure that its operations can be wound down in an orderly manner. The ICARAP forms an integral part of the firm's risk management processes and capital management strategy. It is updated at least annually and is reviewed and approved by the Board of Directors.

HFFRA has conducted a comprehensive risk identification exercise by risk category across the business to ensure that all significant risks have been identified and captured by the risk management framework. All significant risks are assessed and documented, along with any risk mitigants and associated controls. The resulting risk exposure level is estimated using a matrix of parameters.

Each risk is assigned an owner who is responsible for assessing that risk with respect to inherent or residual risk score (High/Medium/Low) and risk mitigant strength (Vulnerable/Moderate/Strong) to determine the risk exposure level (Critical/Material/Moderate/Low). Risk owners together with the Risk and Finance teams assess each identified risk to determine if any additional Pillar 2 capital should be held. In addition, Pillar 2 capital will be held against any material risks not included in Pillar 1. Where applicable, risk owners make reference to internal and external loss data when assessing risks.

The firm's ICARAP includes stress testing and reverse stress testing to supplement its risk management framework and assesses the capital adequacy of the business. These stress tests play an important role in providing a forward-looking assessment of risk and factoring this into capital and liquidity planning procedures.

Investment Policy Disclosure

HFFRA does not hold any positions in any company that is admitted to trading on a regulated market that accounts for 5% or more of the total voting rights of that company.

Remuneration

The Board of Directors of HFFRA has adopted a remuneration policy (the "Remuneration Policy"), which has been developed in order to ensure HFFRA's adherence to the relevant remuneration rules of IFD, IFR, and relevant aspects of the European Banking Authority Guidelines on remuneration policies for investment firms, as well as the remuneration rules under the Markets in Financial Instruments Directive 2014/65 EU ('MiFID II'), and EU Delegated Regulation 2017/565 as applicable. This section provides an overview of the firm's remuneration practices in accordance with the Remuneration Policy.

The Policy also reflects the Citadel Group's ("Citadel") compensation philosophy, which provides guiding principles that drive compensation-related decisions for all employees. Citadel's compensation philosophy has been designed to:

- i. attract and retain top performing and high potential talent;
- ii. reflect firm and business unit performance;
- iii. discourage inappropriate risk taking; and
- iv. avoid conflicts of interest.

Citadel's remuneration policies and practices more widely are consistent with its commitment in relation to equal pay and non-discrimination and do not discriminate on the grounds of gender or on any other basis.

Concerned Staff

The Remuneration Policy applies to all individuals who are considered to be "staff" of HFFRA i.e. persons who are (i) an officer, employee, partner or member of, or service provider to, HFFRA, (ii) an officer, employee, partner, member or engaged service provider of any other entity in the Citadel Group and work for or provide services directly to HFFRA (including but not limited to as an internal secondee). HFFRA applies the principles set out below with respect to all personnel considered as "staff", except as otherwise specified.

Governance

Citadel has established a global, firm-wide remuneration approach to foster sound governance, sound and effective risk management and alignment with the strategy, objectives, values, and long-term interests of Citadel. That approach and its implementation is subject to oversight and control by Citadel's Chief Executive Officer and its Chief Operating Officer. Annually, Citadel reviews and approves its:

- Remuneration philosophy, which guides how its remuneration plans and programs are designed
- Pay practices and approving any necessary formulas or performance metrics in compliance with applicable regulatory, statutory or governance requirements, both in the U.S. and worldwide
- Remuneration for all employees
- Terms of remuneration awards, including clawback provisions

The Board of Directors of HFFRA reviews and approves the Policy annually and oversees the implementation of Citadel's remuneration policies and practices as well as the processes for identifying material risk takers of HFFRA.

External consultants were not used in the development of HFFRA's remuneration policies and practices.

Compensation Structure

HFFRA's compensation is composed of base salary (fixed pay), incentive awards which determine the amount of discretionary bonus (variable remuneration) and benefits.

Fixed pay may include salary, cash in lieu of pension and other cash allowances. Elements of fixed pay reflect an individual's position, role, skills, competencies, capabilities, and experience. Levels of fixed pay are determined at a level that ensures the firm can operate a fully flexible approach to variable remuneration. Variable remuneration is paid in cash and unvested instruments linked to the performance of the funds managed by the Citadel Group. Further information is included in Appendix A to this report, available on request via eu_regreporting@citadel.com.

Individual incentive awards are determined based on a combination of:

- quality of earnings;
- allocated capital; and
- non-financial metrics (attainment of business objectives, contribution to long term growth and performance against goals).

Individual variable remuneration awards for staff within control functions are remunerated according to objectives linked to their functions and are determined independently from the business unit those members of staff oversee.

Variable remuneration awards are fully flexible such that awards could be nil in a given year. Individual compensation decisions are informed by managers' views of the employees' overall performance in relation to their job responsibilities, achievement of goals, and alignment with Citadel values.

A portion of variable remuneration may be deferred in line with the deferral approach detailed in the Policy. Deferred awards vest over a multi-year period thus aligning individual compensation with long-term considerations. Citadel operates a policy pursuant to which deferred amounts will be automatically forfeited in the event of termination for cause.

Derogations

HFFRA benefits from the derogation laid down in Article 32(5) of IFD. HFFRA applies measures with respect to the deferral and to the pay-out in instruments of variable remuneration to certain staff even though it is not strictly required to do so from a regulatory standpoint.

Material Risk Taker Identification

HFFRA has classified certain staff members as material risk takers ("MRTs") to the extent they have a material impact on the risk profile of HFFRA or of the assets that the firm manages or otherwise meet the criteria set out in IFR, which includes members of the Firm's board of directors and senior management, individuals responsible for managing a material risk or risk management policies, and staff who are not otherwise identified as MRTs but whose total remuneration for the prior performance year exceeds certain thresholds set out in IFD. An assessment of MRTs is carried out at least annually. Citadel's Human Resources function, with input from Compliance and other control functions as necessary, is responsible for the process by which the firm identifies MRTs and notifies them of their status as such.

Malus and clawback

Malus and clawback may be applied at the firm's discretion to any deferred variable remuneration paid to an MRT in a number of circumstances related to the relevant MRT's conduct and its detrimental impact on the firm.

Appendices

Template EU IF CC1.01 - Composition of regulatory own funds

		(a)	(b)
		Amounts EUR 000s	Source based on balance sheet in the audited financial statements EUR 000s
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	OWN FUNDS	30,000	
2	TIER 1 CAPITAL	30,000	
3	COMMON EQUITY TIER 1 CAPITAL	30,000	
4	Fully paid up capital instruments	10,000	CET1 share capital
5	Share premium		
6	Retained earnings	19,000	CET1 retained earnings
7	Accumulated other comprehensive income		
8	Other reserves	1,000	CET legal reserve
9	Minority interest given recognition in CET1 capital		
10	Adjustments to CET1 due to prudential filters	-	
11	Other funds		
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
28	ADDITIONAL TIER 1 CAPITAL	-	
40	TIER 2 CAPITAL	-	

Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

		EUR 000s	EUR 000s	
		Balance sheet as in published/ audited financial statements	Under regulatory scope of consolidation	Cross reference to EU IF CC1
		As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements				
1	Cash	15,263		
2	Other assets	89,667		
3	Prepayments	311		
	Total Assets	105,241		
Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements				
1	Other liabilities	66,169		
2	Accruals and deferrals	333		
	Total Liabilities	66,502		
Shareholders' Equity				
1	Called Up Share Capital	10,000		CET1 share capital
2	Retained Earnings	27,739		CET1 retained earnings
3	Legal Reserve	1,000		CET1 legal reserve
	Total Shareholders' equity	38,739		

Template EU IF CCA: Own funds: main features of own instruments issued by the firm

		a
		CET1
1	Issuer	Citadel France SAS
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	France
5	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	10
7	Nominal amount of instrument	10,000
8	Issue price	€1,000
9	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	12/11/20
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	
22	Existence of step up or other incentive to redeem	
23	Noncumulative or cumulative	
24	Convertible or non-convertible	N/A
31	Write-down features	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	
38	Link to the full term and conditions of the instrument (signposting)	N/A