PLURIMI WEALTH LLP

PILLAR 3 DISCLOSURES

As at 30th September 2019

Plurimi Wealth LLP ("PWL" or the "Firm") provides the following information pursuant to the Pillar 3 disclosure rules as laid out by the Financial Conduct Authority ("FCA") in their Remuneration Code (SYSC 19C) in section 11 of the Prudential sourcebook for Banks, Building Societies and Investment Firms ("BIPRU").

Background

The FCA has implemented a prudential framework for investment firms (specifically in BIPRU). The framework consists of three "Pillars":

- Pillar 1 sets out the minimum capital requirements;
- Pillar 2 is an assessment of whether additional capital is needed over and above that determined under Pillar 1;
- Pillar 3 requires the Firm to publish its objectives and policies in relation to risk management, and information on its risk exposures and capital resources as well as disclosures with respect to the FCA's "Remuneration Code".

The rules provide that disclosures are only required where the information would be considered material to a user relying on that information to make economic decisions.

The Firm is a "BIPRU €50,000 Limited Licence Firm" which does have permission to deal with retail clients and is not authorised to hold client money. The Firm has permission to provide advisory, discretionary, arranging and investment management services. As a consequence, the main risks facing the Firm relate to its operations and its business environment. Whilst the Firm does have some exposure to credit and market risk, this is not considered to be material.

The BIPRU Remuneration Code sets out the standards that BIPRU investment firms within scope of the Capital Requirements Directive (CRD) 3 have to meet when setting pay and bonuses for their staff. The disclosures below are the required Pillar 3 disclosures and apply solely to the Firm.

Although the Senior Management of the Firm believes that the risk management framework outlined herein is appropriate for the size and complexity of the Firm and that the Firm's existing capital is adequate to meet the risks assessed, it cannot guarantee that this will always be the case in the event any particular risk increases, or a new risk arises. There will always be some unlikely risks with unusually high impact which may require additional capital should they arise.

Risk management

The Firm operates a risk management framework that sets out the responsibilities and escalation procedures for the identification, monitoring, and management of operational and business risks. Capital planning takes these identified risks into account.

Specific personnel are assigned responsibility for the risks across the Firm. The Firm's Chief Executive Officer takes overall responsibility, with the assistance of the Board, for identifying material risks to the Firm and putting appropriate mitigating controls in place.

Risks and mitigating controls are reassessed on a regular basis, taking into account the Firm's risk appetite. Where risks are identified which fall outside of the Firm's risk tolerance levels, or where the need for remedial action is identified in respect of identified weaknesses in the Firm's mitigating controls, then actions are taken to improve the control framework.

The management Executive Committee meets monthly to review the quality of the control framework and to satisfy themselves that appropriate controls are in place and that mitigating actions are moving forward.

The main, specific types of risks faced by the Firm are;

1. Operational risk,
2. Business risk,
3. Credit risk, and
4. Market risk.

1. Operational risk

This is defined as the risk of loss resulting from inadequate or failed internal processes, people and/or systems, or from external events including legal risk. The Firm seeks to minimise operational risk through a control framework, particularly when engaging in new business ventures or trading new products.

The Firm considers risks which may impact upon the Firm directly or indirectly. As an advisor/arranger and investment manager the Firm, and the systems and controls it is reliant upon, are considered adequate and the Firm considers its operational risks to be minimal.

2. Business risk

Business risk arises from external sources such as changes to the economic environment or one-off economic shocks, and also from internal sources such as poor decisions or sub-optimal allocation of capital resulting in poor performance and damage to the Firm's reputation.

An extreme scenario has been modelled in order to assess the impact of adverse economic conditions on the Firms' financial position. This enables the Firm to monitor its business risk and to assist in its capital planning.

3. Credit risk

The Firm is not exposed to credit risk other than in respect of fees/commission receivable and cash held on deposit at large international credit and regulated institutions. Fees are drawn down monthly and quarterly on activity in the period and are usually received by the Firm in arrears. Consequently the Firm has a limited number of credit exposures in respect of which it uses the simplified standardised approach when calculating risk weighted exposures, in accordance with the provisions of BIPRU 3.5. Credit risk is not considered to be material for the purposes of this disclosure.

4. Market risk

The Firm is not exposed to market risk other than foreign exchange risk in respect of its accounts receivable and cash balances held in currencies other than GBP. The Firm calculates its foreign exchange risk by reference to the provisions of BIPRU 7.5. Business receipts in foreign currency are translated into GBP on a regular basis. Foreign exchange risk is not considered to be material for the purposes of this disclosure.

Capital adequacy

As at 30 September 2019, the Firm's regulatory capital resources of £1,120K is made up as follows:

Tier 1	**£(000)**
Members capital accounts	855
Audited reserves	(433)
Due to/(from) Members	698
Total regulatory capital	**1,120**

The Firm's Pillar 1 capital requirement is calculated in accordance with the General Prudential Sourcebook ("GENPRU") as the higher of the Fixed Overhead Requirement ("FOR"), the sum of market and credit risk requirements, or the base capital requirement of €50,000. The Firm's credit risk is calculated as per the "Standardised Approach (BIPRU 3.4)" and market risk, in line with BIPRU 7.5. As at 30 September 2019 the Firm's Pillar 1 capital requirement was determined by the Fixed Overhead Requirement in the last audited set of accounts and totalled £644,675.

The Firm takes a prudent approach to the management of its capital base and monitors its expenditure on a monthly basis in order to take account of any material fluctuations which may cause its Fixed Overhead Requirement to be reassessed. The Firm ensures that at all times it has sufficient capital to meet its Fixed Overhead Requirement and formally verifies this on a quarterly basis.

Under Pillar 2 of the FCA's capital requirements, the Firm has undertaken an assessment of the adequacy of capital based upon all of the risks to which the business is exposed by way of an Internal Capital Adequacy Assessment Process ("ICAAP"). As at 30 November 2019, this analysis concluded that the Firm did not require additional capital against the identified key risks as it was already sufficiently covered. So under the FCA Pillar requirements this meant the Firm had to have an internal regulatory capital of £644,675. It has therefore been concluded that the Firm's resources are sufficient to support its operations over the next year, and no additional capital injections are necessary.

Remuneration Code
Remuneration is determined and reviewed annually by the Executive Committee before being approved by the Board. The Partners approve the apportionment of profits between themselves in the annual financial accounts. The Executive Committee do not believe the Firm is of a sufficient size or complexity to require a "Remuneration Committee", based on the grounds of proportionality. The Firm does not employ the services of an external consultant for this purpose.

The only other firm in the Plurimi group which is subject to these regulations is Plurimi Investment Managers LLP which maintains its own compliance reporting system.

PWL is categorised as a CAD BIPRU €50k Limited Licence Firm by virtue of its permissions to manage investment portfolios including collective investment schemes. The Firm also has permissions as a Small UK Authorised AIFM (Sub-Threshold).

PWL therefore adheres to the BIPRU Remuneration Code (SYSC 19C). The intention, as with other remuneration rules, is to continue with implementation dependent on proportionality levels. In the FCA's view, it is appropriate for BIPRU firms under the BIPRU remuneration principles proportionality rule to disapply the following rules:

1. Retained shares or other instruments (SYSC 19A.3.47R – 12(f));
2. Deferral (SYSC 19A.3.49R – 12(g));
3. Performance adjustment (SYSC 19A.3.51R – 12(h)), and

4. The ratios between fixed and variable components of total remuneration (SYSC 19C.3.44R – 12(d))

The remuneration of individual Partners dealing with the Firm's clients is by way of a fixed monthly draw with discretionary performance related commission, and fixed annual salaries with discretionary performance related bonuses for employees.

The Firm does not take principal positions and does not make markets to its customers. Its risk exposure is therefore limited to the non-performance of a transaction by one or other of its counterparties, which is to say the market exposure of a temporary failure to complete a transaction. Although errors do occur leading to the need to unwind a trade, this is done immediately upon discovery and the market loss or gain becomes a factor in the assessment of the discretionary performance related bonus for that particular individual.

PWL has an establishment of the following personnel and approved persons as follows: -

- The Firm's Head of Compliance based in London, approved for CF10 and CF11 functions.
- The Chief Operating Officer based in London, approved for CF30 function.
- The Chief Executive Officer based in London and approved for CF3, CF4 and CF30 functions.
- The Deputy Chief Executive Officer based in London and approved for CF4 and CF30 functions.
- The Chief Financial Officer based in Gibraltar, approved for the CF28 function.
- Thirteen other Partners based in London, approved for the CF4 and CF30 functions.
- Five other individuals based in London and approved for CF30 functions.

Remuneration Code Staff

BIPRU Remuneration Code staff comprises categories of staff including senior management, risk-takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk-takers, whose professional activities have a material impact on the Firm's risk profile.

PWL takes reasonable steps to ensure all Remuneration Code staff understand the implications of their status, including the potential for remuneration which does not comply with certain requirements of the BIPRU Remuneration Code to be rendered void and recoverable by PWL.

Principles of the Remuneration Code

The overriding requirement of a firm's Remuneration Code is that it must establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote sound and effective risk management (SYSC 19A.2.1). The FCA accomplishes this by documenting twelve principles that should be present in all Remuneration Codes although not all will apply to a Tier 3 firm such as PWL. The twelve principles can be found in SYSC 19C.3.

As a Tier 3 firm it can disregard certain of the rules in Principle 12 of the Remuneration Code and must apply the remuneration policies in a way and to the extent that is appropriate to its size, internal organisation and the nature, the scope and the complexity of its activities. This exemption has been given in the FCA's General Guidance on Proportionality revised in May 2017, which can be downloaded from the FCA website. The most relevant sections are Parts D and E. Under Part E of this Guidance the Firm would not be classified as "significant" in terms of its size.

The Firm need not apply:

(a) The remuneration principles proportionality rule on ratios between fixed and variable components of total remuneration (SYSC 19A.3.44R)

(b) The obligation to pay at least 50% of variable remuneration in shares or equivalent ownership instruments (SYSC 19A.3.47R)

(c) The obligation to defer at least 40% of variable remuneration for a period of at least three to five years (SYSC 19A.3.49R)

(d) The obligation to ensure that any variable remuneration is paid only if it is sustainable according to the financial situation of the QIPL as a whole (SYSC 19A3.51R)

The firm operates the following types of variable remuneration:

- Commission related profit shares for Members of the Partnership based on performance

- Performance related discretionary bonus payments for salaried employees

The calculation of variable remuneration is aligned with the risks of the business and not simply based on the up-front profit generated by the transactions.

These arrangements are very much linked to performance and not to guaranteed profit allocations.

All personnel work in the wealth management business area. For the year ended 31 March 2019 the following aggregate remuneration was paid:-

Personnel	*Desc.*	*£'000*
Members of the Firm	Allocation of profits	4,109
Other Key Management	Employment	266
TOTAL		**4,375**

For the year ended 31 March 2019, 19 Partners and 3 members of staff were classified as code staff as at the year end, based on the following criteria:

- All persons performing a significant influence function (CF1-12A, CF28-29);
- All staff, whose total remuneration takes them into the same bracket as senior management; and
- Those whose professional activities could have a material impact on the Firm’s risk exposure.

The Members further confirm that any variable remuneration, if payable will always be linked to the interests of the firm and unlikely to encourage any risk taking.

Disclosure of all the quantitative information with respect to fixed and variable remuneration paid to the code staff is made in the Firm’s annual audited financial statements.