Global Investment Strategy UK Ltd

Pillar 3 Disclosure

These statements are not part of the audited financial statements and therefore have not been subject to review or audit by the firm's auditors.

Overview

Global Investment Strategy UK Limited ("GIS") is a 125K limited license IFPRU firm operating on a matched principal basis and subject to the requirements in the EU Capital Requirements Directive ("CRD") and The Capital Requirements Regulation ("CRR"). Together with the IFRPU sourcebook of the FCA Handbook, these set out the regulatory capital framework which is overseen in the UK by the Financial Conduct Authority ("FCA") and the Prudential Regulatory Authority ("PRA).

The FCA framework consists of three 'Pillars':

- Pillar 1: Minimum capital requirements
- Pillar 2: Supervisory review process: the need to assess whether the capital held under Pillar 1 is sufficient to meet the additional risks not covered by Pillar 1
- Pillar 3: Disclosure requirements allowing market participants to assess information on a firm's risks, capital and risk management procedures

The FCA outlines the minimum disclosure requirements in IFPRU 11. The information below satisfies GIS's Pillar 3 requirement.

Frequency of Disclosure

GIS will report its Pillar 3 disclosure annually or upon material change. These disclosures are based on the firm's financial position as at the 31st March 2021. The Pillar 2 (ICAAP) capital requirements are excluded from this summary but are reviewed annually or upon material change.

Location and Verification

These disclosures have been validated by the Board and posted on the firm's web site. These disclosures are not subject to an audit except to the extent where they are equivalent to disclosures made under accounting requirements.

Scope of Application

This disclosure is made on an individual basis.

Non-material, proprietary or confidential information

The rules provide that an entity may omit one or more of the required disclosures if it believes that the information is immaterial. A disclosure is deemed to be material if the omission or misstatement of that information would be likely to change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions. Where a disclosure is considered to be immaterial, this has been stated**.**

Risk Management

- Risk Governance:

The responsibility of setting and controlling risk appetite rests with the Board. The risk appetite levels of the firm are set by the Risk Committee and recommended to the Board. The Risk Committee, amongst other matters, determines the attitude to and appetite for risk of the firm and the future risk strategy of the firm. In doing so, the Risk Committee uses the following principles in this ongoing control assessment:

• reflects the strategy and culture of the firm and how it compares to its peers;
• focuses on manageable forward-looking measures of risk, rather than on backward looking measures of loss;
• includes both qualitative description and quantitative measures within controls facilitation;
• facilitates understanding of why limits have been set at the prescribed levels; and;
• is communicated through the organisation, such that it enables each individual to see how risk appetite influences their role within the business.

The Board reviews regularly (at least annually) the continued adequacy of any strategies, policies, processes and systems approved relating to the management of risk.

- Risk identification and assessment

The firm measures and monitors risk on its risk matrix on a regular basis and formally reviews its risk position at the Risk Committee every quarter.

- Risk monitoring:

The firm monitors its expenditure on a monthly basis and takes into account any material fluctuations in working capital in order to determine whether the FOR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year.

The firm ensures that an adequate financial buffer exists to support its business and its funding profile is prudent. Over time, the policy of retention of profits acts as this buffer. The last audited Balance Sheet (31 March 2020) shows net assets of £8.4m which, in the normal course of business, is available for working capital requirements associated with client settlements, of this, £5.1m was reported as cash at bank.

- Risk reporting:

Reports are automatically generated and delivered into Symphony, an encrypted system that allows for sharing of information and collaboration. Permissions are granted to both GISL employees and clients to allow different access levels to specific chat rooms according to the needs of each person. Trade reports are generated and delivered into each client's specific chat room on an hourly basis.

To supplement the daily management risk reports, hourly reports are generated into Symphony to determine and monitor intraday liquidity, exposures and account balances. Each individual report produced highlights account balances per currency, balance movements within the hour and depot holdings at each of our Agent Banks to maintain a high level of settlement efficiency. This process is aided by intraday gross exposure facilities provided by each Agent Bank.

In summary, the Board considers that it has in place systems and controls that are adequate with regard to the firm's risk profile and strategy.

Governance arrangements

The firm has the appropriate Governance structure to it size. The Board defines the purpose and values of the firm, develops the firm's business strategy and is responsible for directing the firm's business and the management of risks that arise in the course of doing business. The Board met ten times during the financial year. Meetings are minuted and the Board has a schedule of regular and standing agenda.

As at 31 March 2021 the firm had the following Board members:

Name	Position	Number of directorships held *
John Gunn	Executive Chairman	5
Samantha Esqulant	Chief Executive Officer	2
Nilesh Jagatia	Chief Financial Officer	6
Anthony Binnie	Non-Executive Director	3

* Directorships within the GIS group are counted as a single directorship and Directorships held outside of the GIS group are counted individually.

The firm is committed to providing equal opportunities and fair remuneration based on role and performance for all staff, irrespective of gender or ethnicity, including at Board level.

The firm has a Risk Committee that meets quarterly and reports to the Board. It is made up of the following members:

- Executive Chairman – John Gunn
- Chief Executive Officer – Sam Esqulant
- Settlements Analyst - Steven Wood
- General Counsel – Melissa Needham

Its role is to ensure effective oversight of all principal risks facing the organisation. This involves reviewing the individual and aggregate risk profiles across compliance, credit, capital, operational, reputational and liquidity risk, and maintaining a conservative position in delivering the strategy in line with the risk appetite, and the Governance, Risk and Control Framework.

The ICAAP has identified the most significant risk types to GIS to be as follows:

- Operational Risk:

This is the risk associated with inadequate, or the failure of, internal processes or external factors such as regulation.

Compliance is an increasing risk to all regulated firms as the complexity and scope of the regulations increases. The firm recognises this risk and, by way of mitigation, has engaged professional assistance.

- Credit Risk

This is the risk that clients and counterparties fail to meet their financial and commercial obligations.

There is a risk that GIS's clearers fail to accept a trade for whatever reason or that the trade remains unpaid. The mitigation is that the trades are given up on a daily basis, ensuring that the risk is limited to only that of the market exposure until closed. Positions are monitored daily to ensure no excessive exposure to one particular client and the clients are carefully vetted prior to onboarding.

Own funds

Capital Resources	March 2021 £'000
Share capital	2,612
Retained earnings	4,676
Core Tier 1 Capital	7,288
Tier 2 Capital	0
Capital Resources Requirement	727

Capital adequacy in compliance with IFPRU 3, 4, 6 & 7

GIS has forecasts in place to ensure that it will continue to meet its regulatory capital requirement on an ongoing basis.

GIS is an IFPRU €125,000 Limited Licence firm and, as such, is not required to calculate its operational risk capital requirement. Instead, it is required to calculate a Fixed Overhead requirement in accordance with GENPRU 2.1.53R

The Credit Risk Capital Requirement is made up of the Credit Risk Capital Component and the Counterparty Risk Capital Component.

The Credit Risk Capital Component is calculated in accordance with BIPRU 3.5 – The Simplified Method. The company makes an 8% adjustment on all fixed assets, debtors and prepayments and a 1.6% adjustment on all bank balances in accordance with BIPRU 3.4.127 – 3.4.133, resulting in a Credit Risk Capital Component of £447,646.

Credit risk exposure	**Risk weighted amount (£)**	**Capital (£)**
Institutions	1,256,559	100,525
Equity exposures	122,713	9,817
Corporate exposures	3,195,483	255,639
Other	1,020,815	81,665
Total	**3,492,293**	**447,646**

The Counterparty Risk Capital Component is calculated in accordance with BIPRU 14.2.1 is zero.

The company's Market Risk Capital Component is made up of its Foreign Currency PRR, Equity PRR Risk, and Commodity PRR Risk. The company's Foreign Currency PRR is calculated on its trading book debtors and creditors which are denominated in foreign currency and also its bank accounts, some of which are in the same currencies. The Foreign exchange risk is calculated in accordance with CRR article 351 and totals £279,383. The company's Equity PRR, the Interest Rate PRR, and the Commodity PRR are all zero.

Encumbered assets

At year end GIS did not hold encumbered assets.

Remuneration

Decision-making process for remuneration policy

- The Board is responsible for approving and overseeing the implementation of the firm's remuneration policy. This includes ensuring that the firm's remuneration arrangements are consistent with and promote sound and effective risk management and do not encourage excessive risk taking.
- Given the relatively small size of the firm, remuneration policy for all code staff is set by the Board. The Board reviews remuneration for code staff based upon

individual, both financial and non-financial criteria, and overall firm performance. Individual performance is also reviewed over an extended period to ensure the long-term objectives of the staff and the firm are not in conflict.

- The firm has a Remuneration Committee (Rem Com) whose role is to ensure that remuneration arrangements support the strategic aims of the Group and enable the recruitment, motivation and retention of senior executives whilst complying with the requirements of regulations. They also need to review and approve the remuneration of those employees that have been identified by the policy as being within the scope of the requirements of the FCA's Remuneration Code. Employees are considered to be code staff if their role has a material impact in determining the firm's risk profile.

The link between remuneration and performance

Remuneration is comprised of fixed pay (salary and benefits) and variable pay (performance-related bonuses). The resources available for bonuses are directly linked to the performance of the firm.

For the purposes of the remuneration disclosures required by CRR Article 450, Rem Com have identified staff who have a material impact on the risk profile of the firm and for the financial year to 31 March 2021 there were as follows:

Code staff	Number	Aggregate Remuneration
Aggregate non-corporate Code Staff and Senior Management	8	£1,160,881
Of which variable		£ 406.161

Further Enquiries

Should you have any queries please contact:

Samantha Esqulant
Director

Samantha.Esqulant@gisukltd.com

Global Investment Strategy UK Ltd

2nd Floor
2 London Wall Buildings
London
UNITED KINGDOM
EC2M 5PP