

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

The EU Capital Requirements Directive ("CRD") sets out the regulatory capital framework which is overseen in the UK by the Financial Conduct Authority ("FCA") and the Prudential Regulatory Authority ("PRA") through the General Prudential Sourcebook ("GENPRU") and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"). From 1 January 2014, with the implementation of the Capital Requirement Directive IV (CRV IV), regulations under BIPRU for this firm have been replaced by:

- The Capital Requirements Regulation ("CRR")
- IFPRU sourcebook of the FCA handbook
- additional standards released by the European Banking Authority

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 firms' risks, capital and risk management procedures

The Financial Conduct Authority outlines the minimum disclosure requirements. The information below satisfies Global Investment Strategy UK Ltd. Pillar 3 requirement.

Frequency of Disclosure

Global Investment Strategy UK Ltd. will report their Pillar 3 disclosure annually or upon material change. These disclosures are based on the firm's financial position as at the

31st March 2018. 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 are attached to their annual accounts. 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.

Risk Management

The directors of the firm, in addition to the risk mapping structure of the ICAAP, are very much involved with the day to day running of the firm including the continual assessment of risk. They meet on a regular basis to discuss current projections for profitability, regulatory capital management, business planning and risk management. The directors manage the firm's risks through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The firm is relatively small with an operational infrastructure appropriate to its size.

The ICAAP has identified the most significant risk types to which Global Investment Strategy UK Ltd. is exposed 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 Global Investment Strategy UK Ltd.'s clearers fail to accept a trade for whatever reason or that the trade remains unpaid for. 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.

Capital Resources	March 2018
	£'000
Core Tier 1 Capital	4,011
Tier 2 Capital	0
Capital Resources Requirement	611

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

Global Investment Strategy UK Ltd. have forecasts in place to ensure that they will continue to meet their regulatory capital requirement on an ongoing basis.

Global Investment Strategy UK Ltd. is an IFPRU €125,000 Limited Licence firm and, as such, is not required to calculate their operational risk capital requirement. Instead they are 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 £35,140.

The Counterparty Risk Capital Component is calculated in accordance with BIPRU 14.2.1, and is £217,882.

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 Currency PRR is calculated in accordance with BIPRU 7.5 and totals £137,969. The company's Equity PRR, the Interest Rate PRR, and the Commodity PRR are all zero.

Remuneration

BIPRU 11.5.18R requires that a firm makes a disclosure of details regarding its remuneration policy.

Given the relatively small size of the firm, remuneration policy for all code staff is set by the board. The board review 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 is not in conflict. The overall level of remuneration is set in the form of a base salary and a bonus. The resources available for bonuses are directly linked to the performance of the firm.

Aggregate information.

Global Investment Strategy UK Ltd. has one key business activity and under BIPRU 11.5.20R, the firm does not consider that it is 'significant in terms of size, internal organisation and nature and scope of its activities', so is not required to disclose the quantitative information referred to in BIPRU 11.5.18R at the level of senior personnel.

The Firm falls within FCA proportionality Level 3 and as such this disclosure is made in line with the requirements for a Level 3 Firm.

The number of identified code staff is twenty-four.



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Further Enquiries

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