MS Amlin Investment Management Limited Pillar 3 Disclosure and Policy

1. Introduction

1.1. Regulatory Context

The Pillar 3 disclosure of MS Amlin Investment Management Limited ("the Firm") is set out below as required by the FCA's "Prudential Sourcebook for Banks, Building Societies and Investment Firms" (BIPRU) specifically BIPRU 11.3.3 R[i]. This is a requirement which stems from the UK's Capital Requirements Directive (CRD) III implementing Regulations of the European Union's application of the Basel Capital Accord. The regulatory aim of the disclosures is to improve market discipline.

1.2. Frequency

The Firm will be making Pillar 3 disclosures at least annually. The disclosures will be as at the Accounting Reference Date ("ARD").

1.3. Media and Location

The disclosure will be published.

1.4. Verification

The information contained in this document has not been audited by the Firm's external auditors, as this is not a requirement, and does not constitute any form of financial statement and must not be relied upon in making any judgement on the Firm and Group.

1.5. Materiality

The Firm regards information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on it to make economic decisions. If the Firm deems a certain disclosure to be immaterial, it may be omitted from this Statement.

1.6. Confidentiality

The Firm regards information as proprietary, and therefore confidential, if sharing with the public would undermine its competitive position; for example, information on products or systems which, if shared with competitors, would undermine their value to the Firm. The Firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality.

2. Summary

The CRD, has three pillars: Pillar 1 deals with minimum capital requirements; Pillar 2 deals with the Internal Capital Adequacy Assessment Process ("ICAAP") undertaken by a firm as well as the Supervisory Review and Evaluation Process ("SREP") through which the Firm and Regulator satisfy themselves on the adequacy of capital held by the Firm in relation to the risks it faces and; Pillar 3 which deals with this public disclosure of risk management policies, capital resources and capital requirements. The Firm is required to disclose its risk management objectives and policies for each separate category of risk which include the strategies and processes to manage those risks; the structure and organisation of the relevant risk management function or other appropriate arrangement; the scope and nature of risk reporting and measurement systems; and the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.

The Firm has assessed business and operational risks in its ICAAP and set out appropriate actions to manage them.

As a MiFID Investment Management Firm, the principal activity of the Firm is to provide investment management services to an Irish UCITS fund, in doing so the Firm uses sub-delegated investment managers which is a key driver of risks within the business.

A number of key operations are outsourced by our clients, typically the Funds we provide Investment Management services to, to third party providers, such as administrators, reducing our exposure to operational risk. The Firm has a risk framework (described below) in place to mitigate operational risk.

The main exposure to credit risk is the risk that management and performance fees cannot be collected. Additionally, all cash balances are held with banks assigned high credit ratings. Therefore, residual credit risk is considered to be low.

Market Risk exposure is limited to the foreign currency exchange rate risk of any non-reporting currency (sterling) assets held on the Balance Sheet. Where possible all non-sterling assets, which are not used for hedging purposes, are converted into sterling on a regular basis.

3. Background to the Firm

3.1. Background

The Firm is incorporated in the UK and is authorised and regulated by the FCA as a MiFID Investment Management Firm. The Firm's activities give it the BIPRU categorisation of a 'BIPRU Firm'.

MS Amlin Investment Management Limited is covered by the ICAAP

The Firm is a Solo regulated entity with an European Economic Area (EEA) parent.

The Firm is a BIPRU Firm without an Investment Firm Consolidation Waiver deducting Material Holdings under (GENPRU 2 Annex 4)

4. BIPRU 11.5.1

Disclosure: Risk Management Objectives and Policies

4.1. Risk Management Objective

The Firm has a risk management objective to develop governance structures and systems and controls to mitigate risk within its Risk Appetite and ensure the Firm achieves its objectives.

4.2. Governance Framework

The Board is the Governing Body of the Firm and has oversight responsibility. It meets quarterly and is composed of:

Laura	Worboyes	CEO
Paul	Amer	Director
James	Kelly	Chairman
Iain	Pearce	Non-Executive Director
Anna	Troup	Independent Non-Executive Director

The Board is responsible for the risk management process, as well as forming its own opinion on the effectiveness of the process. In addition, the Board decides the Firm's risk appetite or tolerance for risk and ensures that the Firm has implemented an effective, ongoing process to: identify risks, measure their potential impact and ensure they are actively managed. Senior Management is accountable to the Board for designing, implementing and monitoring the risk management framework and embedding it into the day-to-day business activities.

4.3. Risk Framework

The risk management framework consists of a suite of policies, standards, governance processes and procedures that put risk management into practice. It provides the risk governance infrastructure; sets out the processes required to sustain risk management across the business and, being built into the core operating model, forms part of the overall approach to internal control.

5. BIPRU 11.5.4

Disclosure: Compliance with BIPRU 3, BIPRU 4, BIPRU 7 and the Overall Pillar 2 Rule

5.1. BIPRU 3 (Credit Risk)

For its Pillar 1 regulatory capital calculation of Credit Risk, under the credit risk capital component the Firm has adopted the Standardised approach (BIPRU 3.4) and the Simplified method of calculating risk weights (BIPRU 3.5).

Credit Risk calculation

Credit Risk Capital Requirement	**Rule**	**Capital Component**
Credit risk capital component	BIPRU 3.2	£ 242,483
Counterparty risk capital component	BIPRU 13 & 14	£ 505
Concentration risk capital component	BIPRU 10	£0
Total		**£ 242,988**

	Rule	Exposure	Risk Weight	Risk weighted exposure amount
National Government Bodies	BIPRU 3.4.2	£0	0%	£0
Banks etc long-term	BIPRU 3.4.36	£0	50%	£0
Banks etc short-term	BIPRU 3.4.39	£4,490,595	20%	£898,119
Exposure to Corporates/Debtors	BIPRU 3.4.51	£4,265,837	50%	£2,132,919
Past due item	BIPRU 3.4.96	£0	100%	£0
Fixed assets	BIPRU 3.4.127	£0	100%	£0
Accrued Investment management fees	BIPRU 3.4.128	£0	100%	£0
Total		**£8,756,432**		**£3,031,038**

Credit Risk Capital Component	8% of risk weighted exposure	**£218,580**

	Rule	Exposure	Risk Weight	Risk weighted exposure amount
Replacement cost	BIPRU 13.4	£0	50%	£0
Potential future credit exposure	BIPRU 13.4.3	£12,624	50%	£6,312
Total		**£12,624**		**£6,312**

Counterparty Risk Capital Component	8% of risk weighted exposure	**£505**
Total Credit Risk Requirement		**£242,988**

5.2. BIPRU 7 (Market Risk)

The Firm has Non-Trading Book potential exposure only (BIPRU 7.4, 7.5).

5.3. Overall Pillar 2 Rule

The Firm has adopted the “Structured” approach to the calculation of its ICAAP Capital Resources Requirement as outlined in the Committee of European Banking Supervisors Paper, 25 January 2006.

The ICAAP assessment is reviewed by the CRO on a quarterly basis or when a material change to the business occurs, and amended where necessary. Annually or when a material change to the business occurs the CRO presents the ICAAP document to the Board for approval. At the same time, the Board reviews and endorses the risk management objectives.

6. BIPRU 11.5.8

Disclosure: Credit Risk and Dilution Risk

The Firm is primarily exposed to Credit Risk from the risk of non-collection of management fees. Additionally there is credit risk relating to hedging transactions undertaken to manage market risk, described below; this risk is mitigated by controls, including ISDA arrangements and collateralising positions. All cash balances are held with Banks assigned high credit ratings. Consequently risk of past due[1] or impaired[2] exposures is minimal.

7. BIPRU 11.5.12

Disclosure: Market Risk

The Firm has Non Trading Book potential exposure only (BIPRU 7.4 & 7.5).

Market Risk calculation

	Rule	Position	Risk Weight	PRR
Interest rate position risk requirement	BIPRU 7.2	£0	8%	£0
Equity position risk requirement	BIPRU 7.3	£0	8%	£0
Commodity position risk requirement	BIPRU 7.4	£0	8%	£0
Foreign currency position risk requirement	BIPRU 7.5	£40,683	8%	£3,255
Option position risk requirement	BIPRU 7.6	£0	8%	£0
Collective investment undertaking position risk requirement	BIPRU 7.7	£0	32%	£0
Total		**£40,683**		**£3,255**

The Firm's market risk exposure lies in its Non-Trading Book exposure. The Firm may be invoiced in Foreign Currency and so a risk arises as a result of the potential difference in the Foreign Exchange rate at the time of estimating the fee expenses (in order to invoice clients) versus the rate at the time the invoices are issued to the Firm. The Firm enters into hedge transactions to manage this market risk.

8. BIPRU 11.5.2

Disclosure: Scope of application of directive requirements

The Firm is subject to the disclosures under the UK CRDIII Implementing Regulations.

However, it is not a member of a UK Consolidation Group and consequently, does not report on a consolidated basis for accounting and prudential purposes.

9. BIPRU 11.5.3

Disclosure: Capital Resources

The Firm is a BIPRU Investment Firm without an Investment Firm Consolidation Waiver deducting Material Holdings under (GENPRU 2 Annex 4). Tier 1 Capital comprises of Members' Capital and Audited Reserves/Losses.

[1] A financial asset is past due when a counterparty has failed to make a payment when contractually due.
[2] Impairment is defined as a reduction in the recoverable amount of a fixed asset or goodwill below its carrying amount.

Tier 1 Capital	£3,285,467
Deductions	£0
Tier 2 Capital	£0
Deductions	£0
Capital Resources	£0
Tier 3 Capital	£0
Deductions	£0
Total Capital	**£3,285,467**

10. BIPRU 11.5.16

Disclosures: Exposures to Interest Rate Risk in the Non-Trading Book

Although the Firm has substantial cash balances on its Balance Sheet, there is currently no significant exposure to Interest Rate risk in the non-trading book.

11. BIPRU 11.5.17

Disclosures: Securitisation

This disclosure is not required as the Firm does not securitise its assets.

12. BIPRU 11.5.18

Disclosure: Remuneration

The Firm is a Remuneration Code Proportionality Level 3 Firm and has applied the rules appropriate to its Proportionality Level. The Remuneration Committee and the Board are responsible for the Firm's remuneration policy. All variable remuneration is adjusted in line with capital and liquidity requirements.

Remuneration Code Staff Remuneration by Business Area (BIPRU 11.5.18(6))

Business Area	**Total Remuneration**
Managing Investments	£1,458,631

Aggregate Quantitative Remuneration by Senior Management and other Remuneration Code Staff (BIPRU 11.5.18(7))

Type of Remuneration Code Staff	**Total Remuneration**
Code Staff	£1,458,631[3]
	£1,458.631

3

Includes payments made for 2019 calendar year
Previous years deferred bonuses included in figures
Deferred element of 2019 bonus not included in figures
Includes the cost of benefits such as PMI

[i] The following disclosures are not required:

Disclosure	Reason not required
BIPRU 4 (Advanced Credit Risk Approach)	The Firm does not adopt the Internal Ratings Based approach and hence this is not applicable.
BIPRU 11.5.5	This disclosure is not required as the Firm has not adopted the Internal Ratings Based approach to Credit Risk and therefore is not affected by BIPRU 11.5.4R (3).
BIPRU 11.5.6	This disclosure is not required as the Firm has not adopted the Internal Ratings Based approach to Credit Risk and therefore is not affected by BIPRU 11.5.4R (3).
BIPRU 11.5.7	This disclosure is not required as the Firm does not have a Trading Book and does not make Value Adjustments and Provisions for Impaired exposures that need to be disclosed under BIPRU 11.5.8R (9).
BIPRU 11.5.10 - Firms calculating Risk Weighted Exposure Amounts in accordance with the Standardised Approach	This disclosure is not required as the Firm uses the Simplified method of calculating Risk Weights (BIPRU 3.5).
BIPRU 11.5.11 - Firms calculating Risk Weighted Exposure amounts using the IRB Approach	This disclosure is not required as the Firm has not adopted the Internal Ratings Based approach to Credit and therefore is not affected by BIPRU 11.5.4R (3).
BIPRU 11.5.15 - Non-Trading Book Exposures in Equities	This disclosure is not required as the Firm does not have a Non-Trading Book Exposure to Equities.