

Atlantic House Fund Management LLP

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with the implementation of the Capital Requirement Directive IV (CRV IV), regulations under BIPRU for this firm have been replaced by: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 Atlantic House Fund Management LLP's Pillar 3 requirement.

Frequency of Disclosure

Atlantic House Fund Management LLP will report their Pillar 3 disclosure annually or upon material change. These disclosures are based on the firm's audited accounts as at the 30th June 2019. 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 partners. 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 partners 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 partners 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 Atlantic House Fund Management LLP 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.

The legislative and political environment that Atlantic House Fund Management LLP operates in could be made more restrictive therefore reducing or removing profitability. Mitigation is that other systems are available to structure the business should the current business model become unavailable or impractical to use.

People risk is mitigated by a flexibility of the work force to cover each key member's responsibilities with no individual being critical to the company.

IT risk is mitigated with daily backups, remote access and an efficient business continuity plan.

Business Risk:

This is the risk that external factors, such as a fall in market appetite will result in an unexpected loss.

A slowing economic environment could lead to a lessening appetite for the funds that Atlantic House Fund Management LLP act as an Investment advisor. This is mitigated by a low cost structure, flexible working arrangements and expanding funds under management.

Reputational risk could be involved if Atlantic House Fund Management LLP gets involved with a fund that fails. This is mitigated by only marketing the products of very large and well established banks.

Liquidity Risk

This is the risk that Atlantic House Fund Management LLP will have insufficient funds to meet their capital requirements.

Atlantic House Fund Management LLP is sufficiently financially robust to suffer a long period without any income generation and have the ability to raise further capital, should they so require.

Concentration Risk

This is the risk that either too much of Atlantic House Fund Management LLP's business is concentrated in too small a sphere of operation or that the client base is concentrated in too few accounts.

Atlantic House Fund Management LLP currently has an extensive client base within their funds. The sector of the business is very specialised but it is considered that there will always be a requirement for these types of funds.

Capital Resources

June 2019 £'000s

Core Tier 1 Capital	210
Total Tier 2 capital	0

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

Atlantic House Fund Management LLP have forecasts in place to ensure that they will continue to meet they regulatory capital requirement on an ongoing basis.

Atlantic House Fund Management LLP is a BIPRU firm and, as such, is not required to calculate their operational risk capital requirement under Pillar 1 in accordance with BIPRU 6. Instead they are required to calculate a Fixed Overhead requirement in accordance with GENPRU 2.1.53R. The following figures are based on the GABRIEL return basis June 2019.

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 zero.

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

The total Market Risk requirement, (BIPRU 11.5.12), has also been calculated at nil.

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 partners. The partners 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.

Atlantic House Fund Management LLP has one key business activity that of managing funds 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 equate to the number of partners and FCA registered CF30s in the firm.

Further Enquiries

Should you have any queries please contact:

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