RIA Capital Markets Limited
Pillar 3 Disclosures - As at 31 December 2017

Introduction

The Capital Requirements Directive ("CRD") introduced a revised regulatory capital framework across Europe which seeks to reduce the probability of consumer loss or market disruption as a result of prudential failure. It aims to do so by seeking to ensure that the financial resources held by a firm are commensurate with the risks associated with the business profile and the control environment within the firm. In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ('FCA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU')

The framework under the CRD consists of three 'pillars' of regulatory capital.

1) Pillar 1 sets out the minimum capital requirements firms are required to hold to meet credit, market and operational risk requirements.
2) Pillar 2 requires firms and their supervisors to form an opinion on whether they should hold additional capital against risks not adequately covered in Pillar 1, and to take action accordingly.
3) Pillar 3 is aimed to improve market discipline by requiring firms to publish certain details of their capital, risk exposures and management practices, and to have a formal disclosure policy in place which should assess the appropriateness, verification and frequency of the disclosure.

This document is RIA Capital Markets Limited's ('RIA') response to the Pillar 3 disclosure requirements and has been prepared by the firm in accordance with BIPRU 11.

We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information.

In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our counterparties and suppliers.

We have made no omissions on the grounds that it is immaterial, proprietary or confidential.

Scope and application of the requirements

RIA is authorised and regulated by the Financial Conduct Authority and as such is subject to the minimum regulatory capital requirements. As at 31 December 2017 RIA was categorised as a BIPRU €50K limited licence firm by the FCA.

RIA is not a member of a group and so is not required to prepare consolidated reporting for prudential purposes.

Publication

The Pillar 3 disclosure is published on RIA's website.

Frequency of Disclosure & Verification

RIA's Pillar 3 disclosures are published annually or upon material change. RIA has concluded that more frequent disclosure (under BIPRU 11.4.4) is unnecessary, because RIA's business model and the services that it offers are unlikely to change materially during any one year. This conclusion will be reassessed annually prior to the annual disclosure and consideration will be given to the need to disclose some or all of the disclosure requirements on a more frequent basis. The disclosures are as at the accounting reference date, which for RIA is 31 December and are published as soon as practicable after the audit of the annual financial statements.

The disclosures are not externally audited, and do not constitute any form of financial statement.

Risk Appetite & Management

In general, the company has a low appetite for risk because of the cautious and prudent approach of senior management, second, because of the company's size relative to the individual trades it undertakes for clients, and third because of the stringent regulatory environment in which it operates.

Risk management is a fundamental part of the day to day management of RIA. The Board meets quarterly, or as and when necessary, and has primary responsibility for governance and oversight of RIA. Annually the directors formally review the risks, controls and other risk mitigation arrangements and assess their effectiveness. Where the directors identify material risks, they consider the financial impact of these risks as part of the business panning and capital management process and conclude whether the amount of regulatory capital held is adequate. This assessment process is documented in RIA's Internal Capital Adequacy Assessment Process ("ICAAP").

Credit Risk

Credit risk is the risk of financial loss arising from a counterparty failing to meet its obligations to repay outstanding amounts as they fall due.

RIA does not deal with retail clients, and its trades are conducted on the basis of "delivery versus payment", which minimises the risk of exposure. In addition, during 2017 where RIA acted in principal capacity it was on a matched principal basis. Deals were always matching, back to back transactions. This does not however eliminate risk entirely in the combination of circumstances in which the counterparty fails and the value of stock awaiting settlement against payment has changed adversely. To guard against this, RIA sets exposure levels for various counterparties and monitors these.

The exposure of RIA to credit risk relates principally to cash balances at bank and held by Pershing Securities Limited, RIA's settlement and clearing agent. Pershing Securities Limited is a wholly owned subsidiary of The Bank of New York Mellon Corporation.

As at 31 December 2017, RIA's total credit risk capital component was calculated as:

	£K
8% of risk weighted exposure amounts	60
Total Credit Risk Capital Component	60

Total credit risk including total credit risk capital component was calculated as £69K.

Market Risk

Market Risk is the risk of an impact on RIA's financial position due to adverse market movements affecting the value of its trading book or any investments held.

At 31 December 2017 RIA had no trading book and held no investments, and thus did not attract a Pillar 1 requirement for market risk.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It includes legal and financial crime risks, but does not include strategic, reputational and business risks. RIA seeks to mitigate operational risk to acceptable residual levels, in accordance with its risk appetite policy, by maintaining a strong control environment. At 31 December 2017 RIA was a "limited licence" as specified by Article 20(2) of the CRD, consequently it was not required to calculate an operational risk capital requirement under Pillar 1 in accordance with BIPRU 6.

Operational risk is assessed under Pillar 2 and potential loss values considered in the compilation of RIA's internal capital requirements. RIA ensured that it is adequately insured against any major operational risk.

Capital Adequacy

Capital Resources

The regulatory capital figures set out below are those of RIA Capital Markets Limited for the year ended 31 December 2017. These figures include the audited profit for year end 31 December 2017.

	£ 000
Tier 1 Capital Resources:	
Ordinary Share Capital	77
Audited Retained Earnings	1,113
Other Reserves	28
Capital Redemption Reserve	210
Share Premium	127

Total Tier 1 Capital Before Deductions:	1,555
Less:	
Investment in Own Shares	94

Total Capital Resources After Deductions	1,461
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Pillar 1

At 31 December 2017 RIA was "limited licence" as specified by Article 20(2) of the CRD, and this dictates that its Pillar 1 capital requirement must follow the higher of: (a) the sum of the credit risk capital requirement and the market risk capital requirement; and (b) the fixed overheads requirement.

At 31 December 2017 RIA's capital resources were in excess of its Pillar 1 minimum capital requirement.

Pillar 1 capital adequacy is included within RIA's monthly financials pack which is reviewed by directors on a monthly basis, and is reviewed formally at quarterly Board Meetings.

Pillar 2

RIA continually assesses its capital adequacy to support current and future activities.

In line with Pillar 2 requirements, RIA's Individual Capital Adequacy Assessment Process 'ICAAP' identifies RIA's internal capital requirements. RIA's Pillar 2 requirements are assessed as being higher than its Pillar 1 requirements.

RIA uses a structured approach for its ICAAP. This involves setting the internal capital requirement at a starting point of zero and then building on capital due to all material risks and external factors.

RIA's 'ICAAP' and the internal capital requirement it identifies is formally reviewed and signed off by the Board on an annual basis.

The 'ICAAP' is discussed at quarterly Board Meetings to ensure that no material changes to current and planned activities or risks require RIA's internal capital requirements to be amended. Capital adequacy in light of RIA's internal adequacy requirement is reviewed at RIA's quarterly Board Meetings.

At 31 December 2017, RIA's capital resources were in excess of its Pillar 2 internal capital requirement.

Remuneration

Governance

The purpose of the Remuneration Code is to ensure firms establish, implement and maintain remuneration policies, procedures and practices that are consistent with, and promote, sound and effective risk management.

The Remuneration Code applies to 'Remuneration Code Staff' ('Code Staff'). This includes 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.

RIA has considered the contribution that can be made by a remuneration committee. In order to take a proportionate approach given the size and non-complex nature of both the activities undertaken and the organisation, RIA has decided that the Board will undertake the role which would otherwise be undertaken by a remuneration committee. This is in line with guidance provided by the FSA for tier 4 firms under the Remuneration code. (As of September 2012 with the modifications introduced to the system by the FSA, RIA has been under proportionality level three.)
The Board will be responsible for setting RIA's policy on remuneration.

RIA's Remuneration Policy will be reviewed, at least, annually by the Board to ensure that it remains consistent with the Remuneration Code Principles and RIA's objectives. The Board will use all information available to it in order to carry out its responsibilities under the code, for example, information on risk and financial performance. In addition, the Compliance Officer, as part of RIA's regulatory monitoring, will include a review of the implementation of this Policy by the firm.

Link between pay and performance

Remuneration at RIA is made up of fixed ('salary') and variable ('bonus') components. Salary is set in line with the market at a level to retain, and when necessary attract, skilled staff. Any bonus paid is designed to both reflect the performance of a person in contributing to the success of the firm and their success in meeting, or exceeding, targets that have been set by the firm on an individual basis.

Where remuneration is performance-related then in addition to the performance of the individual RIA will also take into account the performance of the business unit concerned and the overall results of the firm. Performance assessment will not relate solely to financial criteria but will also include compliance with regulatory obligations and adherence to effective risk management.

In keeping with RIA's long term objectives, the assessment of performance will take into account longer-term performance and payment of any such performance related bonuses may need to be spread over more than one year to take account of the firm's business cycle. The measurement of financial performance will be based principally on profits and not on revenue or turnover.

Awards will reflect the financial performance of RIA and as such variable remuneration may be contracted where subdued or negative financial performance occurs. RIA will not ordinarily make any variable remuneration awards should the firm make a loss. In exceptional circumstances such payments may need to be considered. In such cases the governing body, in conjunction with the Compliance Officer, will consider and document whether such an award would be in keeping with the Remuneration policy

Quantitative remuneration information

RIA is required to disclose aggregate information on remuneration in respect of its Code Staff, broken down by business area and by senior management and other Code Staff. The relatively small size and lack of complexity of the firm's business is such that RIA only has the one business area as a Broker Dealer and does not regard itself as operating, or needing to operate, separate 'business areas' and the following aggregate remuneration data should be read in that context.

Aggregate Remuneration

Senior Management	Others
£583,825	£0

This remuneration disclosure is made under the Basel Pillar 3 framework.