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Pillar 3 Disclosure

Bordier & Cie (UK) PLC (hereafter referred to as "Bordier UK" or "the firm") is an independent investment management firm that provides discretionary portfolio management services to private investors and trustees. The firm is authorised and regulated by the Financial Conduct Authority (the "FCA").

Under the FCA's Prudential Sourcebook for Investment Firms ("IFPRU"), Bordier UK is an IFPRU €125k Limited Licence firm and is therefore subject to the EU Capital Requirements Directive ("CRD"), and the detailed regulations set out in the EU Capital Requirements Regulation ("CRR"). The firm does not trade on its own account, neither is it required to prepare consolidated reporting as it has no UK Consolidation Group for UK regulatory purposes.

In accordance with the disclosure requirements under Part 8 of the CRR, the firm will make these disclosures annually on this website and in conjunction with its statutory accounts. These disclosures relate to the balances as at 31st December 2016.

Risk Management Objectives and Policies (CRR – Article 435)

The Board of Directors determine the business strategy and risk appetite of the firm. Board membership is determined solely by reference to the individual's skills and competence. No new members were added to the Board in 2016, and one Board member resigned.

The Board has implemented a risk management framework that recognises all the risks that the firm faces. Those risks are assessed on an ongoing basis in order to determine the adequacy and effectiveness of the controls and procedures in place in order to mitigate those risks.

The outputs from these continuing assessments are reviewed by the Operational Risk Committee of the Board on a quarterly basis, and exceptions are referred to the Board itself. Issues are escalated to the Board who retain ultimate responsibility for the firm's risks.

Risks are debated quarterly by the Board as part of the risk mitigation programme and any new risk that is identified is analysed and managed to reduce the likelihood of it materialising. The Board considers these risk management arrangements to be proportionate and effective for the business.

The firm's overall risk profile is considered low, ensuring that good client outcomes and robust capital resources are at the heart of the firm's culture. This has been embedded into the remuneration structure as well as at all levels of the firm's corporate governance.

Assessments on the adequacy of the regulatory capital held are made by the Board where risks are considered material. These assessments form part of the annual Internal Capital Adequacy Assessment Process (ICAAP).

Operational Risk

Operational risk is the risk of loss resulting from people, systems, inadequate or failed internal processes or from external events (including legal risk, but excluding strategic and reputational risk).
Operational risk is managed under the Risk Governance Framework and within the Risk Appetite Statement, which defines effective management of operational risk and ensures that there are appropriate, people, processes and technology to mitigate risks. This is the responsibility of the Operational Risk Committee ("ORC").

Credit Risk

Credit risk is the risk of default from counterparties or clients for deposits, loans, commitments, securities and other assets where the realisation of the value of the asset is dependent on their ability to perform.

Counterparty Credit Risk

Counterparty credit risk applies in relation to an exposure to a counterparty in a derivative contract on the firm's trading book position. As Bordier UK has no trading book, there is no Pillar 1 exposure calculated in relation to this.

Market Risk

Market risk is the risk to a firm's financial condition arising as a result of adverse movements in the markets, such as bond prices, foreign currency exchange rates, interest rates and equity and commodity prices. The company does not hold any financial instruments subject to market fluctuations. The company does not hold currency for hedging purposes. Any foreign currency accumulated through collection of fees and commissions is foreign exchanged on an ad hoc basis. As at the financial year end, there was very little foreign exchange exposure. The main risk connected to market movements is that of global stock market devaluation. Bordier UK consider this to be a business risk.

Own Funds

The firm is required to disclose the make-up of its own funds as used in the calculation of its compliance with the CRR. The following sets out the components of the firm's own funds:

	£'000
Common Equity Tier One Capital	
Fully paid Ordinary issued Share Capital	70
Audited Profit and Loss Account and other reserves	2,377
	2,447
Tier Two Capital	
Long-term sub-ordinated debt	1,000
Own Funds	**£3,447**

Capital Requirements

The firm is required to calculate its Pillar 1 capital calculation in accordance with the CRR. Pillar 1 is a calculation which is expressed as a percentage.

The common denominator is known as the Total Risk Exposure Amount ("TREA"), which is the higher of Bordier UK's Base Capital Requirement (€125,000 or £107,287) or its Variable Capital Requirement ("VCR"). The VCR is the higher of the sum total of the Credit Risk Capital Component + Market Risk Capital Requirement shown in the firm's accounts as £197,863, or the Fixed Overhead Requirement (FOR), which is shown in the accounts as £1,433,412. Due to the immateriality of the Credit risk and Market risk the detailed requirements set out in Articles 438 and 445 have not been disclosed. The firm has adopted the FOR in accordance with Article 97 as its operational risk requirement.

Under CRD IV the capital requirement for each risk category is generally multiplied by 12.5 to create the TREA (£17,917,650). The firm then compares this TREA against the level of resources held. There are three ratios that need to be complied with:

Ratio	FCA Minimum Requirement	Bordier UK Actual
Core Tier One Equity Capital	4.5%	13.65%
Tier One Ratio	6%	13.65%
Total Capital Ratio	8%	19.24%

Bordier UK therefore meets the requirements of the FCA CRD IV rules.

In addition, based upon its risk assessment, the firm challenges the robustness of the capital to meet its forecast requirements over the next 5 years as well as certain stress and scenarios envisaged as material as defined by the firm's risk assessment. These stress tests and scenarios are developed by the Operational Risk Committee and challenged by both the Board and senior management.

Remuneration Disclosure

The FCA expects firms to make disclosures regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on its risk profile, as follows:

a) Information concerning the decision making process used to determine remuneration policies;
b) Information on the link between pay and performance;
c) Aggregate quantitative remuneration by business area;
d) Aggregate quantitative remuneration data broken down by reference to senior management and other staff whose actions have a material impact on the risk profile of the firm.

These requirements are set out in the FCA Remuneration Code. There are 3 tiers of firm within the Remuneration Code; Bordier UK is a Tier 3 firm, which is the lowest Tier in terms of size, nature and scale of activities.

Bordier UK's remuneration decisions are made by the Remuneration Committee (made up of the Chief Executive, the Chairman and the senior Non-Executive Director), which reports to Bordier UK's shareholders.

There are two remuneration schemes operating relevant to the firm's Remuneration Policy:

- one includes all staff, and is based on the criteria set out in their contract of employment. This offers a base salary and a discretionary performance related bonus.
- the other is aimed at the most senior levels of staff in the organisation, and is also based on the performance of the parameters set out in their contract of employment. This offers a base salary and discretionary performance related bonus, with performance measured against parameters agreed by the Remuneration Committee at the start of each bonus period.

Both schemes allow payments to be deferred until most risks relating to the performance have crystallised or become clearer, and for payments to be clawed back if issues are identified in the future. Neither scheme allows the level of performance related "variable" pay to exceed the fixed ("salary") payments.

Aggregate remuneration of staff in respect of whom disclosure is required by business	
	Total Remuneration
Wealth Management Business	£2,972,607

Aggregate quantitative information on remuneration, broken down by Directors and other members of staff whose actions have a material impact on the risk profile of the firm	
	Totals
Number in category	16
Number of individuals receiving > €1 million	None
Total	£1,948,856
Variable to Fixed Pay Ratio:	10.5%

During 2016, four employees received the second half of a bonus earned in 2014, totalling £35,000.
In addition, nine employees were paid the first half of a bonus earned in 2015, totalling £78,445. These deferred remuneration payments are included in the totals shown above.

A total of £16,000 was paid to new joiners as signing-on payments during 2016, at the end of their first twelve months of service.