



OPTIMUS

Optimus Capital LLP

Disclosure under Pillar 3 of Capital Requirements Directive

Dated 30/04/2020 Based on Financial data as at 31/12/2019

Optimus Capital LLP (“the Firm”) is authorised and regulated by the Financial Conduct Authority and is categorised as a BIPRU €50,000 Firm for regulatory purposes. This statement has been prepared by the firm in accordance with BIPRU 11 and summarises the material disclosures the firm is required to make under Pillar 3 of the Capital Requirements Directive.

Frequency

Pillar 3 disclosures will be issued on an annual basis after the firm’s audited accounts have been prepared. The disclosures are made at the firm’s accounting reference date which is 31/12/2019

Materiality

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

Risk Management

The main forum for managing the major risks to the firm is the Management Board Meeting. For company related activities, close oversight over each other’s activities comes from being a small firm.

For investment activities, additional oversight comes from the management company of the UCITS to which we are investment manager, and for model portfolio services from the platform on which client’s hold their investments.

Monthly management accounts are used to monitor and project its capital resources and a compliance manual, a compliance monitoring programme and an Internal Capital Adequacy Assessment Process (“ICAAP”) have been adopted to facilitate risk management in the firm.

Given the nature and activities of the firm, its risk appetite is low. It does not securitize assets or deal as principal and therefore does not have a trading book. The key risks are as follows:

Market risk

The firm earns some foreign currency revenues and therefore can have a small exposure to currency fluctuations. These are not considered to be significant.

Interest rate risk

The firm is not exposed to interest rate risk as it does not rely on borrowings to meet operating expenditure and does not make loans to clients.

Credit risk

The main credit risk of the firm is a defaulting debtor, although the firm does not extend credit to its clients. The key credit exposures that the firm has are fees payable to the firm by its client and the risk of default by the firm's own bankers.

Fund management and advisory fees are received monthly or quarterly in arrears.

Under Pillar 1 capital calculations, cash balances are risk weighted at 20%. The directors believe that the Pillar 1 risk weight is adequate and that a Pillar 2 adjustment to hold additional capital is not required.

Liquidity risk

The liquidity risk that the firm faces is the inability to settle its liabilities as they fall due. The risk management process includes frequent monitoring of the liquidity position of the firm.

Bank reconciliations and cash flows are prepared on a regular basis to ensure that all liabilities are identified promptly and can be settled as they fall due.

Cash resources of the firm are maintained in bank accounts with instant access.

Operational risk

As a BIPRU €50,000 firm, the firm is not subject to an operational risk requirement under Pillar 1. However, the firm is aware of the reputational damage that could result from a failure in operating procedures. The firm's key policies and procedures are documented in the compliance manual and their effectiveness kept under review via the compliance monitoring programme.

Changes to procedures are communicated to directors and staff as they occur. Directors and staff remain aware of the policies and procedures and periodically confirm their compliance via a biannual compliance declaration.

Remuneration risk

The Firm is subject to FCA Rules on remuneration. The Remuneration Code ("the RemCode") rules are located in the SYSC Sourcebook of the FCA's Handbook. The RemCode covers an individual's total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two.

The Firm's business is to provide Investment Management, discretionary and non-discretionary portfolio management, and advisory services to its clients

Our policy is designed to ensure that we comply with the RemCode and our compensation arrangements:

1. are consistent with and promotes sound and effective risk management;
2. do not encourage excessive risk taking;
3. include measures to avoid conflicts of interest; and
4. are in line with the Firm's business strategy, objectives, values and long-term interests.

Proportionality

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA has sought to apply proportionality in the first instance by categorising firms into three levels. The Firm falls within the FCA's proportionality level three and as such this disclosure is made in line with the requirements for a Level three.

Application of the requirements

We are required to disclose certain information on at least an annual basis regarding our Remuneration policy and practices for those staff whose professional activities have a material impact on the risk profile of the firm. Our disclosure is made in accordance with our size, internal organisation and the nature, scope and complexity of our activities.

1. Summary of information on the decision-making process used for determining the firm's remuneration policy.
 - The Firm's policy has been agreed by the Senior Management in line with the RemCode principles laid down by the FCA.
 - Due to the size, nature and complexity of the Firm, we are not required to appoint an independent remuneration committee.
 - The Firm's policy will be reviewed as part of annual process and procedures, or following a significant change to the business requiring an update to its internal capital adequacy assessment.
 - BIPRU Investment Management Firm - The Firm's ability to pay bonuses is predicated on the performance of Firm overall and the maintenance of regulatory capital requirements.
2. Summary of how the firm links between pay and performance.
 - Individuals are rewarded based on their contribution to the overall strategy of the business including consideration of:
 - Work ethic
 - Communication
 - Teamwork
 - Compliance
 - Other factors such as performance, reliability, effectiveness of controls, business development and contribution to the business are taken into account when assessing the performance of the senior staff responsible for the infrastructure of the firm.
3. Aggregate quantitative information on remuneration, for staff whose actions have a material impact on the risk profile of the firm. The estimated total compensation expense for Code Staff in the 2019 fiscal year was approximately £267k, this is comprised of fixed pay, variable pay, and pension contributions.

We may omit required disclosures where we believe that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

Variable pay disclosure has been omitted on the grounds of data protection.

Capital Resources

As the firm is a BIPRU €50,000 Limited Licence Firm. It has calculated its capital resources in accordance with GENPRU 2.2. The firm's capital resources are detailed in the below.

	£000
Tier 1 capital resources net of deductions*	196
Tier 2 capital resources	0
Tier 3	0
Deductions from total capital e.g. illiquid assets	0

Total capital resources as at 30 th April 2020	196

*Tier 1 capital does not include any hybrid capital or capital instruments.

Capital Resource Requirements

Pillar 1 capital is the minimum capital requirement that firms are required to meet for credit, market and operational risk. The Firm's Pillar 1 requirement is calculated as the higher of:

1. The Base Capital Requirement (€50k)
2. The sum of:
 - The Credit Risk Capital Requirement; and
 - The Market Risk Capital Requirement.
3. The Fixed Overheads Requirement (FOR) (3 months expenditure of the firm).

In the opinion of the directors the highest of these three is the FOR which has a capital requirement of £126,000 at 30/04/2020 following the completion of the firm's financial statement audit for the year ending 31/12/2019.

Pillar 1 and Pillar 2

As at the date of this report the firm meets its Pillar 1 capital resources requirement. Pillar 2 capital is additional capital against risks not adequately covered in Pillar 1. The firm has undertaken an Internal Capital Adequacy Assessment Process (ICAAP) to determine whether it needs any further regulatory capital due to the risks it faces as set out above. As a result of this review the firm has concluded that additional capital resources above the Pillar 1 requirement are not required.