Squawker Limited

Pillar 3 Disclosure

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with the implementation of the Capital Requirement Directive IV (CRV IV), regulations under BIPRU for this firm have been replaced by: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 firm's risks, capital and risk management procedures

The Financial Conduct Authority outlines the minimum disclosure requirements. The information below satisfies Squawker Limited's Pillar 3 requirement.

Frequency of Disclosure

Squawker Limited will report their Pillar 3 disclosure annually or upon material change. These disclosures are based on the company's position as at 31st March 2017. 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 Directors and are published on the firm's web site. 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 Directors 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 company 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 Directors 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 it size.

The ICAAP has identified the most significant risk types to which Squawker Limited to be as follows:

- Operational Risk:

The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Squawker, being an innovator in the market place, need clients to reach a 'tipping point' before new clients will join. There is a risk that this level of activity will take longer to achieve than planned.

- Liquidity Risk

The risk associated with a solvent firm that doesn't have sufficient financial resource available to meet its obligations as they fall due.

The firm is more than sufficiently capitalised but without a sufficiently large client base, the firm will struggle to continue to meet the overheads.

Capital Resources	**March 2017 '000s**
Core Tier 1 Capital	358
Capital Resources Requirement	210

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

Squawker Limited has forecasts in place to ensure that they will continue to meet they regulatory capital requirement on an ongoing basis.

Squawker Limited is an IFPRU 50k limited licence firm and, as such, is not required to calculate its operational risk capital requirement under Pillar 1 in accordance with IFPRU 5. Instead they are required to calculate a Fixed Overhead Requirement in accordance with GENPRU 2.1.53R.

The Credit Risk Capital Requirement is made up of the Credit Risk Capital Component and the Counterparty Risk Capital Component and totals £54,403.

The Firm’s Market Risk Capital Requirement is made up of its Foreign Currency PRR, Equity PRR, Interest Rate PRR, Commodity PRR and Option PRR all of which have been calculated at zero.

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 senior Directors. The senior Directors review remuneration for code staff based upon individual, both financial and non financial criteria, and overall company performance. Individual performance is also reviewed over an extended period to ensure the long term objectives of the staff and the firm are not in conflict. The overall level of remuneration is set in the form of a base salary and a bonus. The resource available for bonuses is directly linked to the performance of the firm which minimises any potential conflict of interest.

Aggregate information

Squawker Limited has one business activity 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 is four.

Further Enquiries

Should you have any queries, please contact:

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