

Bedrock Asset Management (UK) Ltd

Pillar 3 Disclosures

Date: 31 December 2017

Contact Details:

Robert Mizrahi Robert.Mizrahi@bedrockgroup.com

Compliance Officer

+44 207 518 8816

Table of Contents

Section	Page
1. Introduction	3
2. Background	4
3. Disclosures	5-8

1. Introduction

Regulatory Context

The Pillar 3 disclosure of Bedrock Asset Management (UK) Ltd ("the Firm") is set out below as required by the FCA's "Prudential Sourcebook for Banks, Building Societies and Investment Firms" (BIPRU) specifically [BIPRU 11.3.3 R](#). This follows the introduction of the Capital Requirements Directive ("CRD") which represents the European Union's application of the Basel Capital Accord. The regulatory aim of the disclosures is to improve market discipline.

Frequency

The Firm makes Pillar 3 disclosures annually. The disclosures will be as at the Accounting Reference Date ("ARD") which is 31.12.2017.

Media and Location

The disclosure will be available via our website www.bedrockgroup.ch and published as an appendix to its Annual Audited Annual Accounts.

Verification of disclosures

The information contained in this document has not been audited by the firm's external auditors and does not constitute any form of financial statement and must not be relied upon in making any judgment on the Group.

Confidentiality

The Firm is mindful of the FCA's comments regarding confidentiality and of the comment that both qualitative and quantitative data must be disclosed. As such, the Firm's policy is to disclose that information required under the FCA Rules but to treat further information as proprietary if sharing that information with the public would undermine its competitive position. Proprietary information may include information on products or systems which, if shared with competitors, would render the Firm's investments therein less valuable. Further, the Firm will regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality. In the event that any such information is omitted, we shall disclose such and explain the grounds why it has not been disclosed.

2. Corporate Background

Background

The Firm is incorporated in the UK and is authorised and regulated by the FCA as an Investment Management Firm. The Firm's activities give it the BIPRU categorisation of a "Limited Licence" and a "BIPRU €50K" Investment Firm.

The following entities are covered by the ICAAP:

- Bedrock Asset Management (UK) Ltd

Bedrock Asset Management (UK) Ltd, together with Bedrock SA, Bedrock Advisors SA, Bedrock Realtime SA, BRT SA UK and Bedrock Monaco SAM are subsidiaries of Bedrock Holdings SA. The Bedrock Group was formed in 2004 and now specializes in four core areas; wealth management, alternative asset management, fund management and operational and reporting solutions to select private and institutional clients.

3. Disclosures

BIPRU 11.5.1

Disclosure - Risk Management Objectives & Policies

Overview

Bedrock Asset Management (UK) Ltd ("the Firm") is an Investment Management Firm. It acts solely as an agent. The Firm's greatest risks are business and operational risk.

The Firm has assessed business risks in its ICAAP and set out appropriate actions to manage them, one example would be a severe (one in twenty five year) market downturn for which we have modeled the effect on our capital planning forecasts as well as set out actions to ensure we have sufficient regulatory capital.

A number of its key operations are outsourced by our clients to third party providers such as administration, custody and other third party investment managers reducing our exposure to operational risk. Our staffing levels also provide a level of contingency cover in all critical business areas such as investment management, trading and operations. In addition, we have an operational risk framework in place to mitigate operational risk. The Firm has documented contingency planning and disasters recovery procedures and these are regularly reviewed and tested.

The Firm's exposure to credit risk is the risk that management fees cannot be collected, however historically these fees have been settled promptly and in practice this risk is minimal. The Firm holds all cash with banks assigned high credit ratings. Some of the Firm's assets are held in foreign currency and, hence, the Firm is subject to minimal Foreign Exchange Market Risk.

Risk Management Objective

Our general risk management objective is to develop systems and controls to mitigate risk to a level that does not require the allocation of Pillar 2 capital.

Governance Framework

The Board is the Governing Body of the Firm and has the daily management and oversight responsibility. It meets quarterly and is composed of:

- Ariel Arazi
- David Joory
- Maurice Ephrati

Risk Framework

Risk within the Firm is managed by use of the following:

- A compliance monitoring programme;
- Risks are considered regularly as a standing Board meeting agenda item by review of the Risk Register;
- External compliance consultants that undertake regular independent audits of the regulatory risks attributable to the Firm and formally report their findings to the Board.

BIPRU 11.5.2

Disclosure – Scope of Application of directive requirements

This disclosure is not required as the Firm is not within scope of the [Banking Consolidation Directive](#).

BIPRU 11.5.3

Disclosure – Capital Resources

The Firm is a BIPRU Investment Firm, without an Investment Firm Consolidation Waiver, deducting Material Holdings under (GENPRU 2 Annex 4)

Tier 1 Capital	£933,000
Deductions	£0
Tier 2 Capital	£0
Deductions	£0
Capital Resources	£0
Tier 3 Capital	£0
Deductions	£0
Total Capital	£933,000

Variable Capital Requirement

The Firm assesses its minimum variable capital resources requirement for Pillar 1 in accordance with its FCA permissions.

The current fixed overhead requirement has been calculated in accordance with GENPRU 2.1.54R

Fixed Overhead requirement	GENPRU 2.1.54	£678,000
----------------------------	---------------	----------

BIPRU 11.5.4

Disclosure - Compliance with BIPRU 3, 4, 6, 7, 10 & the Overall Pillar 2 rule

BIPRU 3

For its Pillar 1 regulatory capital calculation of Credit Risk the Firm has adopted the Standardised approach (BIPRU 3.4) and the Simplified method of calculating risk weights (BIPRU 3.5).

Credit Risk calculation

Credit Risk Capital Requirement	Rule	
Credit risk capital component	BIPRU 3.2	£450,000
Counterparty risk capital component	BIPRU 13 & 14	£0
Total		£450,000

BIPRU 4

The Firm does not adopt the Internal Ratings Based approach and hence this is not applicable.

BIPRU 6

The Firm, being a Limited Licence Firm is not subject to the Operational Risk Requirement and, therefore, this is not applicable.

BIPRU 7

The Firm has Non-Trading Book potential exposure only (BIPRU 7.4, 7.5).

BIPRU 10

The Firm, being a Limited License Firm is not subject to the Large Exposures Requirements and therefore this is not applicable. The Firm closely monitors and assesses its Non-Trading Book limits in line with (BIPRU 10.5.2R to BIPRU 10.5.6R). When the Firm has a single exposure exceeding 25% of its capital resources, it is recorded in the Breaches Register and monitored until such time as is rectified upon receipt of fees. Also, the Firm monitors its position to ensure that each of its Exposures of more than 10% do not in sum exceed 800% of its Regulatory Capital Resources.

Overall Pillar 2 Rule

The Firm has adopted the “Structured” approach to the calculation of its ICAAP Capital Resources Requirement as outlined in the Committee of European Banking Supervisors Paper, 27 March 2006 paragraph 2.2.2.

BIPRU 11.5.5

This disclosure is not required as the Firm has not adopted the Internal Ratings Based approach to Credit Risk and therefore is not affected by [BIPRU 11.5.4R \(3\)](#).

BIPRU 11.5.6

This disclosure is not required as the Firm has not adopted the Internal Ratings Based approach to Credit Risk and therefore is not affected by [BIPRU 11.5.4R \(3\)](#).

BIPRU 11.5.7

This disclosure is not required as the Firm does not have a Trading Book.

BIPRU 11.5.8

Disclosure – Credit Risk & Dilution Risk

The Firm is primarily exposed to Credit Risk from the risk of non-collection of advisory and sub-advisory fees. It holds all cash and performance fee balances with Banks assigned high credit ratings. Consequently risk of past due or impaired exposures is minimal.

BIPRU 11.5.9

This disclosure is not required as the Firm does not make Value Adjustments and Provisions for Impaired Exposures that need to be disclosed under BIPRU 11.5.8R (9).

BIPRU 11.5.10

Disclosure - Firms calculating Risk Weighted Exposure Amounts in accordance with the Standardized Approach

This disclosure is not required as the Firm uses the Simplified method of calculating Risk Weights (BIPRU 3.5).

BIPRU 11.5.11

Disclosure - Firms calculating Risk Weighted Exposure amounts using the IRB Approach

This disclosure is not required as the Firm has not adopted the Internal Ratings Based approach to Credit and therefore is not affected by BIPRU 11.5.4R (3).

BIPRU 11.5.12

Disclosure – Market Risk

The Firm has Non Trading Book potential exposure only (BIPRU 7.4 & 7.5).

Market Risk calculation

Interest rate positional risk requirement	BIPRU 7.2	£0	8%	£0
Equity positional risk requirement	BIPRU 7.3	£0	8%	£0
Commodity positional risk requirement	BIPRU 7.4	£0	8%	£0
Foreign currency positional risk requirement	BIPRU 7.5	£825,000	8%	£66,000
Option positional risk requirement	BIPRU 7.6	£0	8%	£0
Collective investment undertaking positional risk requirement	BIPRU 7.7	£0	32%	£0
Total		£825,000		£66,000

BIPRU 11.5.13

Disclosure - Use of VaR model for calculation of Market Risk Capital Requirement

This disclosure is not required as the Firm does not use a VaR model for calculation of Market Risk Capital Requirement.

BIPRU 11.5.15

Disclosure - Non-Trading Book Exposures in Equities

This disclosure is not required as the Firm does not have a Non-Trading Book Exposure to Equities.

BIPRU 11.5.16

Disclosure - Exposures to Interest Rate Risk in the Non-Trading Book

Although the Firm has substantial cash balances on its Balance Sheet, there is currently no significant exposure to Interest Rate fluctuations.

BIPRU 11.5.17

Disclosures – Securitization

This disclosure is not required as the Firm does not securitize its assets.

BIPRU 11.5.18

Disclosures – Remuneration

Remuneration Code Disclosure

Bedrock Asset Management (UK) Ltd ("the Firm") is authorized and regulated by the Financial Conduct Authority as a Limited License Firm and so, it is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Code located in the SYSC Sourcebook of the FCA's Handbook. The FCA defines Remuneration Code Staff ("Code Staff") in SYSC 19A.3.4 as senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as those detailed above, whose professional activities have a material impact on the firm's risk profile.

Our disclosure is made in accordance with our size, internal organization and the nature, scope and complexity of our activities therefore we are not required to appoint an independent remuneration committee. The Firm's policy has been agreed by the Senior Management in line with the Remuneration Code principles laid down by the FCA.

Our policy covers all significant influence functions (CF1s), compliance officer and MLRO (Robert Mizrahi). It is reviewed annually or following a significant change to the business requiring an update to its internal capital adequacy assessment and designed to ensure that we comply with the Remuneration Code 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.

Individuals are rewarded based on their contribution to the overall strategy of the business. Investment generation, investment trading, sales & marketing, operations and 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. Remuneration is made up salary and discretionary bonuses. The factors to be used in setting bonuses are at the absolute discretion of the firm depending on firms and individuals performances. The firm has chosen not to disclose exact remuneration figures.

The firm is a BIPRU Limited License firm and is therefore a proportionality level three firm for the purposes of the FCA's General Guidance on proportionality in relation to its Remuneration Code. Proportionality level three firms are permitted to dis-apply certain principles contained within the FCA's Remuneration Code relating to deferral, form of delivery and performance adjustment. As a result:

- The firm does not operate a deferral policy
- All variable remuneration is delivered in cash
- Performance adjustment is not applied.

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.