



La Francaise Forum Securities (UK) Limited

Disclosure under Pillar 3 of Capital Requirements Directive

18 August 2017

Background

La Francaise Forum Securities (UK) Limited (the 'Firm') is authorised and regulated by the Financial Conduct Authority and is categorised as a BIPRU €50,000 Limited Licence firm for regulatory purposes. The disclosure 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.

Risk management objectives and policies

As a Limited License BIPRU 50K firm, the Firm falls into Tier 4 under the Remuneration Code and in line with the size and internal organisation of the Firm as well as the nature, scope and complexity of its activities the Firm has applied the BIPRU Remuneration Code proportionately under the BIPRU remuneration principles proportionality rule. As such the Firm has chosen not to form a formal Remuneration Committee, but places reliance on Management to review and assess the appropriateness of its remuneration practices, including the appropriate determination of Code Staff, being those staff whose professional activities have, or could, have a material impact of the Firm's risk profile.

The business strategy and risk appetite are determined by the director of the Firm upon consultation with senior employees and outside advisers (where relevant). Based on this, a risk management framework, geared to the specific risks that are applicable to the Firm, is devised and put into practice. The Firm's main categories of risk and its management objectives and policies for these categories are as follows:

<i>Risk</i>	<i>Strategy/ process to manage risk</i>	<i>Structure of risk management function</i>	<i>Risk reporting and management systems</i>	<i>Policy for hedging and mitigating risk</i>
Operational risk	All of the firm's procedures are documented in its compliance manual which is read by all key staff.	The firm is small and has a simple operating infrastructure. Compliance is overseen by the Compliance Officer.	Report compiled quarterly by the Compliance Officer and discussed at meetings by the director upon consultation with senior employees and outside advisers (where relevant).	The opportunity to mitigate operational risk is reviewed regularly by the director upon consultation with senior employees and outside advisers (where relevant).
Business risk	The firm's risk appetite and its willingness to accept business risk are defined by the director upon consultation with senior employees and outside advisers (where relevant).	The risk management function is overseen by the director upon consultation with senior employees and outside advisers (where relevant).	Business risk is discussed at regular meetings between the director upon consultation with senior employees and outside advisers (where relevant).	Business strategy is managed and updated on a day to day basis by the director upon consultation with senior employees and outside advisers (where relevant).
Credit risk	No credit is extended to clients.	A list of the firm's exposures to counterparties is maintained as part of the accounting function.	Monthly management accounts detail the firm's exposure to credit risk.	Management fees are collected within one month.

<i>Risk</i>	<i>Strategy/ process to manage risk</i>	<i>Structure of risk management function</i>	<i>Risk reporting and management systems</i>	<i>Policy for hedging and mitigating risk</i>
Market risk	The firm does not incur market risk as it receives its fee income in sterling and therefore does not maintain assets or liabilities in any currency other than sterling.	If the risk did occur it would be monitored as part of the accounting function.	Monthly management accounts reviewed regularly by the director upon consultation with senior employees and outside advisers (where relevant).	If non-sterling fees did occur, foreign currency hedges would be entered into when deemed appropriate.
Financial risk	The risk of firm breaching regulatory capital requirements or falling short of its cash flow obligations is monitored as part of the accounting function.	Reviewed by the director upon consultation with senior employees and outside advisers (where relevant).	Internal reporting to the board is on a monthly basis. Regulatory reporting to the FCA is on a quarterly basis.	Potential deficits are identified at an early stage and further capital/loans injected as necessary.

Capital Resources

The Firm is a BIPRU €50,000 limited licence firm and has calculated its capital resources in accordance with GENPRU 2.2. The firm's capital resources are detailed in the table below.

	2017 £'000
Tier 1 capital resources	317
Tier 2 capital resources	-
Tier 3	-
Deductions from total capital e.g. illiquid assets	-
 Total capital resources	 <u>317</u>

Capital Resource Requirements

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

In the opinion of the director the higher of these three is always likely to be the Fixed Overhead Requirement and therefore none of the Base Capital Requirement, the Credit Risk Capital Requirement or the Market Risk Capital Requirement are material to the Firm.

Pillar 1

As at the date of this report the Firm has a surplus of capital resources over its Pillar 1 capital resources requirement.

Pillar 2

The Firm has undertaken an Internal Capital Adequacy Assessment Process (ICAAP) to determine whether it needs any further regulatory capital due to the operational, business, credit and market risks it faces.

As a result of this the Firm has concluded that it does not need any further regulatory capital to meet its requirements under Pillar 2.