

Envent Capital Markets Limited Pillar 3 Disclosure and Policy for an IFPRU Firm as at July 2019

Introduction

Regulatory Context

The Pillar 3 disclosure of Envent Capital Markets Limited (“the Firm”) is set out below as required by the Capital Requirement Regulation Art. 431 et seq. This is a requirement which stems from Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on Prudential requirements for Credit Institutions and Investment Firms and amending Regulation (EU) No 648/2012 (“Capital Requirement Regulation”, “CRR”) which represented the European Union’s application of the Basel Capital Accord. The regulatory aim of the disclosures is to improve market discipline.

Frequency

The Firm will be making Pillar 3 disclosures at least annually. The disclosures will be as at the Accounting Reference Date (“ARD”).

Media and Location

The disclosure will be published on the website of the Firm.

Verification

The information contained in this document has not been audited by the Firm’s external auditors, as this is not a requirement, and does not constitute any form of financial statement and must not be relied upon in making any judgement on the Firm.

Materiality

The Firm regards information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. If the Firm deems a certain disclosure to be immaterial, it may be omitted from this Statement.

Confidentiality

The Firm regards 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 must 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.

Summary

The CRR, to which the Firm is subject to, has three pillars; Pillar 1 deals with minimum capital requirements; Pillar 2 deals with Internal Capital Adequacy Assessment Process (“ICAAP”) undertaken by a firm and the Supervisory Review and Evaluation Process through which the Firm and Regulator satisfy themselves on the adequacy of capital held by

the Firm in relation to the risks it faces and; Pillar 3 which deals with public disclosure of risk management policies, capital resources and capital requirements.

The regulatory aim of the disclosure is to improve market discipline.

The Firm is an IFPRU corporate finance adviser/arranger. It acts solely as agent. The Firm's greatest risks have been identified as business and operational risk. The Firm is required to disclose its risk management objectives and policies for each separate category of risk which include the strategies and processes to manage those risks; the structure and organisation of the relevant risk management function or other appropriate arrangement; the scope and nature of risk reporting and measurement systems; and the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.

The Firm has assessed business and operational risks in its ICAAP and set out appropriate actions to manage them.

The Firm outsourced the accounting function. The Firm has an operational risk framework (described below) in place to mitigate operational risk. The Firm's main exposure to credit risk is the risk that its corporate finance advisory and arranging fees cannot be collected and, therefore, credit risk is considered low. The Firm holds all fee balances with banks assigned high credit ratings.

Market Risk exposure has been assessed by the Firm and is limited to the Firm's exposure to foreign currency exchange rate risk and hence to any assets held on the Firm's Balance Sheet denominated in a foreign currency. The Firm's Reporting Currency is GBP and all foreign currency assets are converted into GBP where possible on a regular basis.

Background to the Firm

Background

The Firm is incorporated in the UK and is authorised and regulated by the FCA as an IFPRU Firm. This is due to the firm placing instruments on a non-firm commitment basis and gives the Firm the category of an IFPRU €50k firm.

The following entities are covered by the ICAAP:

- Envent Capital Markets Ltd

The Firm is a Solo regulated entity.

Article 435

Disclosure: Risk Management Objectives and Policies

Risk Management Objective

The Firm has a risk management objective to develop systems and controls to mitigate risk to within its risk appetite.

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:

- Franco Gaudenti (Chairman);
- Paolo Verna (Director);

- Nigel Robinson (Director).
- Alessandro Commito (Non-Executive Director) and;
- Riccardo Cirillo (Non-Executive Director);

The Board is responsible for the entire process of risk management, as well as forming its own opinion on the effectiveness of the process. In addition, the Board decides the Firm's risk appetite or tolerance for risk and ensures that the Firm has implemented an effective, ongoing process to identify risks, to measure its potential impact and then to ensure that such risks are actively managed. Senior Management is accountable to the Executive Committee for designing, implementing and monitoring the process of risk management and implementing it into the day-to-day business activities of the Firm.

Risk Framework

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

Disclosures concerning the Board

- Number of directorships (excluding those held in respect of the Firm) held by members of Board

The number of outside directorships held by members of the Board are as follows:

- Franco Gaudenti – 1
- Paolo Verna – 1
- Alessandro Commito: - 1
- Riccardo Cirillo – 30
- Nigel Robinson – 0

Regarding the outside Directorship, Franco Gaudenti is Chief Executive of EnVent S.p.A. and holds a 60% stake; Paolo Verna is a Director and Head of Capital Markets of Envent S.p.A. and holds a 10% stake.

- Recruitment of Directors
The Firm's recruitment policy complies with the UK legislation regarding the prevention of discrimination.
- Risk committee
Due to the size of the Firm a separate Risk Committee has not been set up.
- Information Flow on risk to Executive Committee
The Board has quarterly meetings in which they discuss the day to day running of the business, risk, compliance and financial matters.

Article 437

Disclosure: Own Funds

The Firm is an IFPRU Limited licence Firm. Tier 1 Capital comprises of Shares and Audited Reserves/Losses.

Tier 1 Capital	125,000
Deductions	£0
Tier 2 Capital	£0
Deductions	£0
Capital Resources	£0
Tier 3 Capital	£0

Deductions	£0
Total Capital	£125,000

Article 438

Disclosure: Capital Requirements

The Firm has adopted the "Pillar I plus" "Structured" approach to the calculation of its ICAAP Capital Resources Requirement as outlined in the Committee of European Banking Supervisors Paper, 25 January 2006.

The ICAAP assessment is reviewed by the Executive Committee and amended where necessary, on a quarterly basis or when a material change to the business occurs. The Executive Committee presents the ICAAP document to the Governing Body of the Firm which reviews and endorses the risk management objective each quarter or when a material change to the business occurs at the same time as reviewing and signing off the ICAAP document.

Article 112 exposure	8% of risk weighted exposure amount
exposures to central governments or central banks;	£0
exposures to regional governments or local authorities;	£0
exposures to public sector entities;	£0
exposures to multilateral development banks;	£0
exposures to international organisations;	£0
exposures to institutions;	£79,314
exposures to corporates;	£373,514
retail exposures;	£0
exposures secured by mortgages on immovable property;	£0
exposures in default;	£0
exposures associated with particularly high risk;	£0
exposures in the form of covered bonds;	£0
items representing securitisation positions;	£0
exposures to institutions and corporates with a short-term credit assessment;	£0
exposures in the form of units or shares in collective investment undertakings ("CIUs");	£0
equity exposures;	£0
other items.	£47,560
Total	£500,388

Internal Ratings Based Approach	
The Firm does not adopt the Internal Ratings Based Approach and hence this is not applicable.	
Article 439	
Disclosure: Exposure to Counterparty Credit Risk	
This disclosure is not applicable as the Firm does not have any Counterparty Credit Risk.	
Article 440	
Disclosure: Capital buffers	
This disclosure is not applicable as the Firm does not have any Capital buffers.	
Article 441	
Disclosure: Indicators of Global Systemic Importance	
This disclosure is not applicable as we are not a Global Systemic Important Institution.	
Article 442	
Disclosure: Credit Risk Adjustments	
As an IFPRU Limited Licence Firm, the Firm neither holds client money nor assets on its Balance Sheet nor lends money, and is, therefore, not exposed to Credit Risk in its traditional sense. The Firm's exposure to Credit Risk is the risk that revenue cannot be collected and the exposure to banks where the Firm's revenue is deposited. The Firm's Credit Risk Appetite is low so the Firm holds all cash with UK banks assigned high credit ratings.	
Article 443	
Disclosure: Unencumbered Assets	
This disclosure is not yet in force.	
Article 444	
Disclosure: Use of ECAIs	
The Firm does not use any External Credit Assessment Institutions ("ECAIs").	
Article 445	
Disclosure: Exposure to Market Risk	
Article 92(3) c requirements for non-trading book business:	
Item	Own fund Requirement
Foreign Exchange Risk	£0
Settlement Risk	£0

Commodities Risk	£0
Total	£0

The Firm does not hold securitisation positions and therefore there is no Specific Interest Rate Risk to disclose,

Article 446

Disclosure: Operational Risk

This disclosure is not required as the Firm is not subject to the requirements on Operational Risk.

Article 447

Disclosure: Exposures in Equities not Included in the Trading Book

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

Article 448

Disclosure: Exposure to Interest Rate Risk on Positions not Included in the Trading Book

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

Article 449

Disclosure: Exposure to Securitisation Positions

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

Article 450

Disclosure: Remuneration Policy

The Firm is a Remuneration Code Proportionality Level 3 Firm and has applied the rules appropriate to its Proportionality Level. The Governing Body is responsible for the Firm's remuneration policy. All variable remuneration is adjusted in line with capital and liquidity requirements.

Code Staff Remuneration by Business Area

Business Area	Total Remuneration
Corporate Finance Business	£ 470,090

Aggregate Quantitative Remuneration by Senior Management and other Remuneration Code Staff

Type of Remuneration Code Staff	Total Remuneration
Senior Management (SIF)	£ 470,090
Other Remuneration Code Staff	£ 43,888
Totals	£ 513,979

Article 45 I

Disclosure: Leverage

This disclosure is not applicable as the Firm does not employ any leverage.