COLLINS SARRI STATHAM
INVESTMENTS

Pillar 3 Disclosure

1.0 Introduction

On 1 January 2022, the Investment Firms Prudential Regime ("IFPR") was introduced, and capital requirements are now calculated by reference to the IFPR. References to The Capital Requirements Directive ("CRD") in this document includes the equivalent legislation implemented into UK law. The IFPR establishes a revised regulatory capital framework governing the amount and nature of capital credit institutions and investment firms must maintain. In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ("FCA") in its regulations through the General Prudential Sourcebook ("GENPRU") and the Prudential Sourcebook for MiFID Investment Firms ("MiFIDPRU").

The CRD implementation is based on three 'Pillars', which form the cornerstones of the process.

- Pillar 1 is the prescribed or minimum capital requirement for an authorised Firm to meet its credit, market and operational risk.
- Pillar 2 requires a Firm to conduct an annual assessment known as an Internal Capital and Risk Assessment (ICARA) that considers risks and uncertainties that are not included in Pillar 1 to determine whether the Pillar 1 capital is adequate to meet its risks; and
- Pillar 3 complements the above and requires a Firm to publish certain information about its risks, capital and risk management controls and processes.

1.1 The requirements for Pillar 3 disclosures are detailed in the FCA Handbook of Rules and Guidance under MiFIDPRU 8.1

1.2 Disclosures are required to be made on at least an annual basis (or more frequently if required). We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information. In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and other counterparties.

1.3 This document is designed to meet the Pillar 3 obligations of Collins Sarri Statham Investments Limited.

1.4 The information contained in this disclosure has not and is not required to be audited by CSS's external auditors and does not constitute any form of financial statement. The information should not be relied on in making any judgement on CSS.

2 Company profile

2.1 Collins Sarri Statham Investments Ltd ("CSS") is incorporated in the UK and authorised and regulated by the Financial Conduct Authority (FCA). Its Financial Services Registration Number is: 483868

2.2 The FCA classifies CSS as a SNI MiFIDPRU investment firm. The firm, it is not authorised to ' deal on own accounts – therefore it has no trading book exposures. CSS is authorised to control but not hold client money.

As such, its capital requirement under Pillar 1 is the higher of its permanent minimum capital requirement (PMCR) of £75,000 or, if greater, the sum of its fixed overheads requirement (one quarter of its annual fixed overheads) (FOR). Note: FOR: £124,000 (£496,000 actual fixed overheads @ 25%) – based on all business costs less truly variable / discretionary costs as per FCA guidance.

2.3 Pillar 2 requires CSS to ascertain whether it should hold additional capital against risks not covered in Pillar 1 such that CSS can meet its liabilities as they fall due. As required by the FCA, CSS has conducted a systematic Internal Capital Adequacy Assessment Process ("ICARA"). In the event that this exercise was to produce a higher capital requirement than Pillar 1 requirement, CSS would need to maintain this higher Pillar 2 requirement. In CSS's case the results of the ICARA show that the Pillar 2 requirements is not greater than that for Pillar 1.

2.4 Pillar 3 requires CSS to disclose objectives and policies for each category of risk including strategies and processes to manage risks, risk management functional structure and arrangements, the scope and nature of risk reporting and measurement systems and policies for hedging and mitigating risks on a continuous basis. CSS chooses to publish its Pillar 3 disclosure requirements within this report.

3 Governance framework

3.1 The Board of Collins Sarri Statham Investments Limited is the Governing Body of the Company and has oversight responsibilities.

3.2 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 determines the Company's risk appetite or tolerance for risk and ensures that the Company has implemented an effective, on-going process to identify risks, to measure its potential impact and then to ensure that such risks are actively managed. The Directors and Senior managers are accountable for designing, implementing, and monitoring the process of risk management and implementing it into the day-to-day business activities of the Company.

3.3 The ICARA assessment is formally reviewed by the Board on at least an annual basis, and amended where necessary, or when a material change to the business occurs. The ICARA document is presented to the Board which reviews and endorses its risk management approach, at the same time as reviewing and signing off the ICARA document. The company's accountants will also have an input into the document.

4 Risk Management Objectives and Material Risk Definition

The company's general risk management objective is to develop systems and controls to mitigate risk to a level that does not require the allocation of additional capital.

4.1 The company utilises the platform of the largest providers of online trading, Saxo Capital Markets UK Limited, a wholly owned subsidiary of Saxo Bank A/S, as well as having in place a "Model B", clearance, settlement, and custody arrangement with Jarvis Investment Management Limited for clients using the firm's Classic Service. These two arrangements provide investors with a degree of security. The company acts as an introducer with client funds being held by external companies. The management objective is to continue to meet its capital adequacy requirements, providing an individual service together with the most suitable and expert advice at a fair and reasonable cost.

4.2 **Operational Risk**

The Company has identified its most material risks as the levels of operational risk and how these risks apply to the small niche market that the company operates in, and what effects the introduction of any changes deemed necessary will have on the company's basic business model. The main operational risk is defined as the risk of loss from inadequate or failed internal process, people and systems, or from external events.

The company manages this risk through identifying potential risk trigger events, quantifying the risks and assessing the controls that the company has put into place to mitigate the risk. These controls include internal and external training, internal compliance reviews, monitoring of positions and unusual trades.

4.3 Credit Risk

This represents the risk of loss due to non-payment for transactions from Saxo or client defaults, in which case Saxo not CSS are liable for the default. Our experience to date has been a low value of dealing error occurrences combined with extremely strong controls; these levels have been absorbed in monthly profit and loss trading to date.

4.4 Market Risk

The company's business plan is reliant on maintaining existing business and organic growth, based on client referrals and management contacts. Management accounts are regularly provided to the Board on profits, cash flow and capital resources. It is not considered that CSS's niche market represents a business risk due to the nature of their trading and the stable client base.

4.5 Concentration Risk

The company's capital is held at 2 institutions each of which is regulated in the UK.

4.6 Liquidity Risk

The company has reviewed the speed with which access to our capital could be required and determined that having all cash available within a 30 day period is appropriate given the size and scope of our business.

4.7 The Risk Framework and Identification Process

The Director in consultation with Senior Management has identified the principal risk factors and categories of risks as applicable to CSS. These risks are reviewed by the Board. The Board of CSS recognises that it has ultimate responsibility for overseeing risk management. The ICARA is presented to the Board for approval on an annual basis unless events warrant an interim exercise. The Pillar 3 disclosure is discussed at the time of the audit of the annual accounts.

5.0 Capital Requirements

Until 31 December 2021, the Firm was authorised and regulated by the Financial Conduct Authority ("FCA") as a limited licence firm under the FCA Prudential sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") and was therefore subject to the prudential requirements of the BIPRU, as well as certain provisions of the FCA General Prudential sourcebook ("GENPRU"). From 1 January 2022, CSS became subject to the UK Investment Firms Prudential Regime (the "IFPR").

Under the IFPR, CSS, as a MIFIDPRU investment firm is required (among other things) to publish its first MIFIDPRU disclosures, covering (i) own funds, (ii) own funds requirements, (iii) risk management, and (iv) remuneration. These MIFIDPRU disclosures replace the Pillar 3 disclosure. And as such its capital requirements are the greater of:

- Its PMR (Permanent minimum requirement) of **£75,000**
- Fixed overhead requirements of one quarter of annual fixed costs
- Wind-down costs

CSS'S Own Funds Threshold requirement was calculated to be **£124,000**

5.1 Capital Resources

As of 31 March 2022, audited accounts CSS capital resources of **£288,000.** This significantly exceeds capital requirements.

Composition of regulatory own funds			
	Item	**Amount (GBP thousands)**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**
1	**OWN FUNDS**		
2	**TIER 1 CAPITAL**		
3	**COMMON EQUITY TIER 1 CAPITAL**		
4	Fully paid up capital instruments	50	
5	Share premium	237	
6	Retained earnings	19	
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-18	
19	CET1: Other capital elements, deductions and adjustments		
20	**ADDITIONAL TIER 1 CAPITAL**		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	**TIER 2 CAPITAL**		
26	Fully paid up, directly issued capital instruments		
27	Share premium		

28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
Flexible template - rows to be reported in line with the balance sheet included in the audited financial statements of the investment firm. Columns should be kept fixed, unless the investment firm has the same accounting and regulatory scope of consolidation, in which case the volumes should be entered in column (a) only. Figures should be given in GBP thousands unless noted otherwise.				
		a	b	c
		Balance sheet as in published/audited financial statements	**Under regulatory scope of consolidation**	**Cross-reference to template OF1**
		As at period end	**As at period end**	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Fixed	71		
2	Trade debtors	31		
3	Other debtors	31		
4	Prepayment	16		
5	Cash	252		
xxx	**Total Assets**	401		
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
1	Corp tax	2		
2	Trade Creditor	7		
3	Social Security	10		
4	Accrual	30		
5	Long term Creditor	33		
6	Loan	10		
7	Provisions	3		
xxx	**Total Liabilities**	95		
Shareholders' Equity				
1	Called up Share Cap	50		
2	Share Premium	237		
3	Retained Earnings	19		

xxx	**Total Shareholders' equity**	306		

6 Pillar 3 remuneration disclosures

CSS does not have a separate Remuneration Committee. The Board will discuss and agree on remuneration from time to time for staff – but the levels in relation to fixed and performance related pay have been static for several years. The Directors consider the company's strategic objectives in setting remuneration and are mindful of its duties to shareholders and other stakeholders.

6.1 The link between pay and performance

Staff remuneration is made up of fixed pay (Basic) and variable performance related pay (Commission and other bonuses).

Brokers are defined as either a Junior Broker, Broker or Senior Broker and the fixed element reflects a broker's experience, length of service, qualifications, and overall status within the company.

The performance element is set against the Remuneration Matrix policy and is designed to reflect success or failure against a range of internal targets. The aim of the matrix is to encourage good compliance/ trading / customer service and outcomes for clients by and at the same time discourage poor compliance by brokers.