North Wall Capital LLP

(The “Firm” or “North Wall”)

May 2019

Pillar III Disclosure

Introduction

North Wall Capital LLP ("North Wall") is required by the FCA to disclose information relating to the capital it holds and each material category of risk it faces to assist users of its accounts and to encourage market discipline.

The Capital Requirements Directive (CRD) created a revised regulatory capital framework across Europe covering how much capital financial services firms must retain. In the United Kingdom, rules and guidance are provided in the General Prudential Sourcebook ("GENPRU") and the Prudential Sourcebook for Banks, Building Societies and Investments Firms ("BIPRU").

The FCA framework consists of three "Pillars":

- Pillar 1 sets out the minimum capital requirements that companies need to retain to meet their credit, market and operational risk;

- Pillar 2 requires companies to assess whether their Pillar 1 capital is adequate to meet their risks and is subject to annual review by the FCA;

- Pillar 3 requires companies to develop a set of disclosures which will allow market participants to assess key information about its underlying risks, risk management controls and capital position. These disclosures are seen as complimentary to Pillar 1 and Pillar 2.

Chapter 11 of BIPRU sets out the provisions for Pillar 3 disclosure. The rules provide that companies may omit one or more of the required disclosures if such omission is regarded as immaterial. Information is considered material if its omission or misstatement could change or influence the decision of a user relying on the information. In addition, companies may also omit one or more of the required disclosures where such information is regarded as proprietary or confidential. The Firm believes that the disclosure of this document meets its obligation with respect to Pillar 3.

Firm Overview

North Wall is incorporated in the UK and is authorised and regulated by the FCA as a MiFID Investment Manager and is categorised by the FCA for prudential regulatory purposes as a BIPRU firm.

The Governing Body of North Wall has the daily management and oversight responsibility. It generally meets quarterly and is composed of:

- Fabian Chrobog;
- Ian Lokkerbol; and
- Alexander Garnier

The Governing Body 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 Governing Body decides North Wall'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. The Governing Body is responsible for designing, implementing and monitoring the process of risk management and implementing it into the day-to-day business activities of North Wall.

Capital Resources and Requirements

Capital Resources

Pillar 1

As at 31 December 2018, the Firm on a solo basis held regulatory capital resources of £101,256, comprised solely of core Tier 1 capital of members' own funds.

The Firm's capital requirements are the greater of:

- Its base capital requirement of €50,000;
- The sum of its market and credit risk requirements; or
- Its fixed overhead requirement (FOR).

As at 31 December 2018, the Firm's Pillar 1 capital requirement was £83,842

Satisfaction of Capital Requirements

Pillar 2

The Firm has adopted the "Structured" approach to the calculation of its Pillar 2 Minimum Capital Requirement as outlined in the Committee of European Banking Supervisors Paper, 27 March 2006 which takes the higher of Pillar 1 and 2 as the Internal Capital Adequacy Assessment Plan ("ICAAP") capital requirement. It has assessed Business Risks by modelling the effect on its capital planning forecasts and assessed Operational Risk by considering if Pillar 2 capital is required taking into account the adequacy of its mitigation.

Since the Firm's ICAAP (or Pillar 2) process has not identified capital to be held over and above the Pillar 1 requirement, the capital resources detailed above are considered adequate to continue to finance the Firm over the next year. No additional capital injections are considered necessary and the Firm expects to continue to be profitable.

Risk Management

The Firm has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by the Firm's partners.

As risks are identified within the business, appropriate controls are put in place to mitigate these and compliance with them is monitored on a regular basis. The frequency of monitoring in respect of each risk area is determined by the significance of the risk. The Firm does not intend to take any risks with its own capital and ensures that risk taken within the portfolios that it manages is closely monitored and in line with the set parameters. The results of the compliance monitoring performed is reported to the partners by the Compliance Officer.

Operational Risk

The Firm places strong reliance on the operational procedures and controls that it has in place to mitigate risk and seeks to ensure that all personnel are aware of their responsibilities in this respect.

The Firm has identified a number of key operational risks. These relate to disruption of the office facilities, system failures, trade failures and failure of third party service providers. Appropriate policies are in place to mitigate against risks, including a business continuity plan and the Firm also has an appropriate insurance policy in place.

Credit Risk

The main credit risk to which the Firm is exposed is the failure of its debtors to meet their contractual obligations. The Firm's primary receivable is related to investment advisory/arranging/management activities. The Firm believes its credit risk exposure is limited since its revenue is ultimately related to advisory/arranging/management fees received from clients. These fees are drawn throughout the year.

Other credit exposures include bank deposits and office rental deposits.

The Firm undertakes periodic impairment reviews of its receivables. All amounts due to the Firm are current and none have been overdue during the year. As such, due to the low risk of non-payment from its counterparties, the Firm is of the opinion that no provision is necessary. A financial asset is overdue when the counterparty has failed to make a payment when contractually due. Impairment is defined as a reduction in the recoverable amount of a fixed asset or goodwill below its carrying amount.

The Firm has adopted the standardised approach to credit risk, and therefore follows the provision within BIPRU 3 (Standardised Credit Risk) of the FCA handbook. The Firm applies a credit risk capital component of 8% to its non-trading book risk weighted exposure. As it does not make use of an external credit rating agency, the Firm is obligated to use a risk weight of 100% to all non-trading book credit exposures, except cash and cash equivalents which are held by investment grade firms and currently attract a risk weighting of 20%.

The table below sets forth the Firm's credit exposures and corresponding capital resource requirements as at the date of its ICAAP assessment:

Solo Basis	**Credit Exposure**	**Risk weighted Exposure**
National Governments	£0	£0
Tangible fixed assets	£3,951	£3,951
Exposure to corporates	£0	£0
Cash at bank	£114,332	£22,866
Prepayments	£1,413	£1,413
Other	£34,803	£29,838
	---------------	------------
Total	£154,499	£58,068
	=========	=======
Credit Risk Capital Component (8% of risk weighted exposure)		**£4,645**

Market Risk

The Firm holds no trading book positions on its own account, nor does it hold accounts in any foreign currency in addition to GBP. Therefore, it has no trading book or non-trading book potential exposure in relation to the foreign currency position risk requirement only.

Remuneration Code

The Firm has adopted a remuneration policy and procedures that comply with the requirements of chapter 19C of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook (SYSC), and in accordance with ESMA's Guidelines on sound remuneration policies.

As a BIPRU firm, the Firm falls within proportionality level 3. The Firm has concluded, on the basis of its size and the nature, scale and complexity of its legal structure and business that it does not need to appoint a remuneration committee. Instead, the Governing Body sets, and oversees compliance with, the Firm's remuneration policy including reviewing the terms of the policy at least annually.

The Firm currently sets the variable remuneration of its partners and staff in a manner which takes into account partner and firm performance, by reference to individual performance, and the performance of the Firm. The Firm has followed FCA guidance and recognises basic fixed monthly drawings as fixed remuneration, discretionary distributions as variable remuneration and profit share as an equity return (and hence not regarded as remuneration).

In accordance with SYSC 19C, the Firm makes the following disclosures for the year ended 31st December 2018:

	Fixed	**Variable**	**Total**
Investment team			
Non-investment team			
Total			