Fiske plc

Pillar 3 Disclosures

28 February 2022
Based on Financial data as of 31 May 2021 *as restated*

PILLAR III Disclosure May 2021

Overview

The Capital Requirements Directive (" CRD") of the European Union created a regulatory capital framework governing how much capital financial services firm must retain. The rules are set out in CRD under three pillars:

i) Pillar I sets out the minimum capital resource requirement firms are required to maintain to meet credit, market and operational risks;
ii) Pillar II requires firms to assess firm-specific risks not covered by Pillar I and, where necessary, maintain additional capital' and
iii) Pillar III requires firms to disclose information regarding their risk assessment process and capital resources with the aim to encourage market discipline by allowing market participants to assess key information on risk exposure and the risk assessment process.

The rules in the FCA Prudential Sourcebook for Banks, Building Societies and Investment Firms ("IFPRU") set out the provision for Pillar III disclosure. This document is designed to meet the Pillar III disclosure obligations of Fiske plc as a group ("Fiske").

Verification of disclosure

This disclosure has been prepared in order to comply with Fiske's regulatory obligations and provide information on risk management policies and certain capital requirements. It does not constitute a financial statement and is based on unaudited financial positions and should not be relied upon in making judgements about Fiske.

This disclosure will be subject to review and approval by the Board of Fiske. It will be published annually via Fiske's website at www.fiskeplc.com.

Scope and application of the requirements

Fiske is authorised and regulated by the Financial Conduct Authority ("FCA") to conduct investment business, with the permission to hold and control client money. Fiske is classified as an IFPRU 730k firm. This permits Fiske to hold client money or securities and to manage individual portfolios of investments in financial instruments.

Risk Management and Governance

The Board of Fiske is the governing body that is ultimately responsible for the risk management of Fiske and establishes the overall governance and culture of the firm. The corporate governance structure in place addresses the oversight of risk, and relevant actions, are managed at the apropriate organisational level according to the level of risk and the impact of that risk occurring.

The Board has appointed an Executive Management committee which undertakes all Management functions. The Board has also appointed an Audit Committee, a Risk Committee and a Remuneration Committee.

The Board considers and approves the level of risk to which Fiske is exposed and approves the framework for reporting and mitigating those risks. The Board has delegated responsibility for the management of risk to the Risk Committee. The committee comprises a non-executive director as Chairman of the committee, the CEO, the COO, the CFO and the Head of Compliance.

Capital Adequacy and ICAAP

As at 31 May 2021, Fiske held regulatory capital in excess of its current capital requirements. As a IFPRU €730k firm, the Pillar I capital requirement of Fiske is the greatest of:

- The Pillar I base own funds requirement of €730k (parent company) plus €50k (Fieldings);
- The sum of the market risk capital requirement and the credit risk capital requirement; and/ or
- The fixed overheads requirement (“ FOR”), which is one quarter of the firm’s annual fixed expenditure.

Whilst Fiske must maintain the Pillar I capital requirement at all times, the CRD requires firms to evaluate their Pillar II capital requirement, which is an assessment of the risks to the firm beyond Pillar I. This assessment is the internal capital adequacy assessment process, “ICAAP”, which involves separate consideration of the risks to the firm’s capital by virtue of the business that it undertakes.

Material Risks

Within the Pillar II requirement, the FCA requires Fiske to consider a number of different categories of risk to its business and assess which of these are material. Such material risks are then quantified to assess the additional capital required to be held by Fiske to mitigate the impact of such risks.
The following shows a breakdown on the firm’s total available capital as at 31 May 2021:

Regulatory Capital	£’000
Common Equity Tier one capital	4,054
Additional Tier one capital	-
Tier Two capital	-
Total capital resources	4,054
Pillar I Capital resource requirement	1,107
Pillar II Capital resource requirement	633
Total	1,740
Solvency ratio	233%

The Group has identified the following as the key risks and their mitigation:

- **Credit risk**

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Group.

Third party receivables consist of customer balances, spread across institutional and private clients. Ongoing credit evaluation is performed on the financial condition of accounts receivable and stock is held until settlement is effected. The Group does not have any significant credit risk exposure to any group of third parties having similar characteristics.

- **Market risk**

The Group is mainly exposed to market risk in respect of its trading as agent in equities and debt instruments and in its exposure to counterparties in the market. Market exposure arising from unsettled trades is closely monitored and managed during each trading day.
The Board follows developments in the “Brexit” negotiations. The future relationship between the UK and the EU is not currently clear; markets may react differently to diverse outcomes. The situation is difficult to mitigate today, but the Board continues to monitor events.
Market risk also gives rise to variations in asset values and thus management fees, and variations in the value of investments held by Fiske plc, acting as principal.

- **Loss of staff**

Staff are a key asset in the business and retaining the services of key staff is essential to ongoing revenue generation and development of the business. All Directors are shareholders in the business with longstanding commitment to its prosperity.

- **Operational risk**

There is a whole range of operational risks to which the Group is exposed, including reputational risks and the Group seeks to mitigate operational risk to acceptable residual levels, in accordance with its risk appetite policy, by maintenance of its control environment, which is managed through the Group’s operational risk management framework. The Group’s controls include appropriate segregation of duties and supervision of employees; ensuring the suitability and capability of the employees; relevant training programmes that enable employees to attain and maintain competence, and identifying risks that arise from inadequacies or failures in processes and systems.

The Group has a business continuity and disaster recovery plan which provides, inter alia, back-up premises and back-office systems and which is regularly reviewed.

A probability versus impact assessment is carried out to arrive at a suitable level of capital to be held in mitigation (Pillar II). The risks are then stress tested against various scenarios to determine if this level of capital is adequate.

Remuneration

Fiske is subject to the FCA’s Remuneration Code, requiring Fiske to have risk-focused remuneration policies, which are consistent with and promote effective risk management and do not expose it to excessive risk.

The Remuneration Code covers an individual’s total remuneration, fixed and variable. Fiske incentivises all Code Staff (defined as those performing significant functions that have a material impact on the business) through a combination of the two.

The Fiske Remuneration Committee ensures that Fiske complies with the Remuneration Code and that our compensation arrangements:

- are consistent with and promote sound and effective risk management;
- do not encourage excessive risk taking;
- effectively manage conflicts of interest; and
- are consistent with Fiske's business strategy, objectives, values and long-term interests.

The remuneration policies ofFiske are consistent with the nature, scope and scale of activities that it performs. The policies are reviewed no less frequently than annually by the Remuneration Committee, who consider the policies in accordance with the Remuneration Code.

Remuneration Code Staff

The following groups of employees have been identified as Remuneration Code staff:

- Senior Management (Executive Directors);
- Senior Management (Non-Executive Directors);
- Approved Persons/Certificated Functions (employees authorised to advise and manage client investments); and
- Material Risk Takers (any employee who is deemed to have a material impact on Fiske's risk profile).