Tendercapital Ltd

Disclosure under Pillar 3 of Capital Requirements Directive

Date: 28 January 2014

Tendercapital Ltd ("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 firm is not part of a group or subject to consolidated reporting. 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.

Frequency

Pillar 3 disclosures will be issued on an annual basis after the yearend financial statements have been audited and published as is practical. The disclosures will be as at the Accounting Reference Date. All figures herein are as at 31 December 2013.

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 purposes of making economic decisions. If the Firm deems a certain disclosure to be immaterial, it may be omitted from this Statement.

Risk Management

The management of the risks of the firm is carried out by 2 partners of the firm: Alessandro Chiarini, Linda Garbarino. Linda Garbarino is responsible for the oversight of the firm's compliance and financial arrangements. The partners meet formally on a quarterly basis with a set agenda and key decisions are documented.

The firm is supported in its compliance and accounting arrangements by one independent provider. The firm receives monthly management accounts from which it is able to monitor and project its capital resources. It has a compliance manual, a compliance monitoring programme and an ICAAP process that ensures it is able to manage the risks that it faces.

Given the nature and activities of the firm, its risk appetite is low. It does not securitize its assets nor does it deal in a principal capacity and therefore does it does not have a trading book. The key risks that it faces are as follows:

Market risk

The main market risk of the firm is foreign exchange risk as a result of its management fees being calculated in Euros whilst the firm's operating and reporting currency is Sterling. This risk is monitored by the partners and is either converted at the time that the fees are calculated or hedged against the operating currency of the firm. The firm follows the standardised approach to market risk.

Interest rate risk

The firm is not exposed to interest rate risk as it does not rely on borrowings to meet operating expenditure and does not make loans to clients.

Credit risk

The main credit risk of the firm is a defaulting debtor. As noted above, the firm does not extend credit to its clients. The key credit exposures that the firm has are cash balances maintained with its UK clearer and management fees receivable from its clients. Cash balances are held in overnight deposit accounts and readily available. Management fees are payable within 10 days of their calculation.

Under Pillar 1, cash balances are risk weighted at 1.6% and management fees receivable at 8%. The partners believe that the Pillar 1 risk weight is adequate and that a Pillar 2 adjustment is not required.

Liquidity risk

The liquidity risk that the firm faces is the inability to settle its liabilities as they fall due. Part of the risk management structure noted above monitors the liquidity position of the firm at all times. Bank reconciliations and cash flows are prepared on a regular basis to ensure that all liabilities are understood and able to be settled as they fall due.

Cash resources of the firm are maintained in accounts with instant access as noted above.

Operational risk

As a BIPRU €50,000 Limited Licence firm, the firm is not subject to operational risk under Pillar 1. However the firm is aware of the reputational damage that could result from a failure in operating procedures. The firm's key policy and procedures are documented in the compliance manual and monitored via the compliance monitoring programme.

Changes to procedures are communicated to partners and staff as they occur and if significant all individuals will provide a written confirmation of their understanding and acknowledgement of the changes.

Partners and staff remain aware of the policies and procedures and periodically confirm their compliance via a biannual compliance declaration.

Remuneration risk

As a €50,000 Limited Licence firm, Tendercapital Ltd falls within Tier 3 of the proportionality guidance notes issued by the Financial Conduct Authority in September 2012. The firm has applied the principles of proportionality in the disclosures made within this statement.

All decisions in relation to remuneration are made by the Remuneration Committee. Remuneration is based on the performance of the firm as a whole and not on a single investment strategy. The firm is comprised of one business area: investment management. The firm's business model is based on a management fee/performance fee/high water mark fee structure.

The remuneration relating to that business area for the financial year ended 31st December 2013 is disclosed in our audited financial statements. **Capital Resources**

As the firm is a BIPRU €50,000 Limited Licence Firm. It has calculated its capital resources in accordance with GENPRU 2.2. The firm's capital resources are detailed in the below.

	£
Tier 1 capital resources*	£739,000
Tier 2 capital resources	0
Tier 3	0
Deductions form total capital e.g. illiquid assets	(0)

Total capital resources at 31st December 2013	£739,000

*Tier 1 capital is not subject to any deductions and does not include any hybrid capital or capital instruments.

Capital Resource Requirements

Pillar 1 capital is the minimum capital requirement that firms are required to meet for credit, market and operational risk. 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 (3 months expenditure of the firm).

In the opinion of the partners 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 as set out above.

Pillar 1 and Pillar 2

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

Pillar 2 capital is additional capital against risks not adequately covered in Pillar 1. The Firm has undertaken an Internal Capital Adequacy Assessment Process (ICAAP) to determine whether it needs any further regulatory capital due to the risks it faces as set out above. As a result of this review the Firm has concluded that it does not need any further regulatory capital to meet its requirements under Pillar 2.