

Pillar 3 Disclosure

Updated as at 29th March 2017

An Overview/Background to Fairstone Private Wealth Limited:

Fairstone Private Wealth Limited (FPW) is authorised and regulated by the Financial Conduct Authority under firm registration number 457588. It is based in Burnham-on-Sea, Somerset, TA8 2AS. See link: https://register.fca.org.uk/ShPo_FirmDetailsPage?id=001b000000Mfh3IAAB

FPW has permissions to provide discretionary portfolio management services to clients, it is not authorised to hold client money or assets and cannot deal on its own account.

As such, it is a *limited licence BIPRU Euros 50,000 firm* and is subject to the requirements of the *Markets in Financial Instruments Directive* (MiFID). Under the *Prudential Sourcebook for Banks Building Societies and Investment Firms (BIPRU) 11* of FCA's Handbook, FPW has to make various disclosures about the firm's underlying risks, models of control and capital position.

Frequency of Disclosure:

FPW intends to comply with the disclosure requirements of *BIPRU 11* by publishing the necessary disclosures on their website during Quarter 1 each year. The disclosure will be updated as necessary during the year. FPW's year-end is the 31st December.

Location and Verification:

The disclosure requirements under BIPRU 11 will be on their website during Quarter 1 each year. The information disclosed has been prepared by FPW's directors. FPW's directors have used all reasonable care in producing these disclosures. The disclosure requirements have not been audited by the firm's external auditors.

Risk Management:

FPW has taken appropriate steps, as part of its Individual Capital Adequacy Assessment Plan (ICAAP), to identify and mitigate the following risks:

1. Credit risk;
2. Market risk;
3. Liquidity risk;
4. Operational risk;
5. Insurance risk;
6. Concentration risk;
7. Residual risk;
8. Securitisation risk;
9. Business risk;
10. Interest Rate risk;
11. Pension Obligation risk
12. Costs of Winding Down the firm risk; and
13. Breaches of Investment Mandate risk.

FPW has provided, as part of its Pillar 2 Capital calculation, for the potential costs, of the risks detailed above, could pose to the firm. This also includes additional capital to cover the outcome of stress testing.

Capital Resources:

FPW, Pillar 1 Capital Resources Requirement is the higher of 1) or 2) below:

- 1) The sum of (**GENPRU 2.1.40**):
 - a) The "Credit Risk Capital Requirement" and "Market Risk Capital Requirement" plus
 - b) The "Fixed Overhead Requirement"

OR

- 2) Base Capital Resources Requirement, (**GENPRU 2.1.41**).

The sum of 1), i.e. a) plus b), is known as the variable capital requirement.

Based on the accounts for the period ended 31st December 2016, FPW's, variable capital requirement is £72,720.

EUR 50,000 (using the rate of exchange as at 31st December 2016 of GBP1.00 = EUR 1.1738) equates to **£42,595**).

The formula above means that FPW's Pillar 1 Capital Requirement is **£72,720**

FPW exceeds its Pillar 1 Capital requirement by **£60,280**.

In addition to meeting its prescribed Pillar 1 Capital Requirement FPW, under its Pillar 2 Capital Requirement, estimates that it needs an additional **£13,050** of capital to cover possible additional risks identified and an additional £23,000 to cover the outcome of stress testing.

FPW exceeds its Pillar 2 Capital requirement by **£24,230**.

Contacts:

Should you have any queries about this disclosure, please contact Alick Campbell, Director at alick.campbell@fairstone.co.uk

Date:

These disclosures have been based on the firm's position as at 31st December 2016.

This documents was updated on 17th August 2016