



## Pillar 3 Disclosures – BCP Asset Management DAC (“BCP”)

*August 2023*



# INTRODUCTION/OVERVIEW

## Background

*BCP Asset Management DAC (the “Company” or the “Firm”) is authorised as an Investment Firm under Regulation 11(1) of the European Communities (Markets in Financial Instruments) Regulations 2007 and is deemed authorised under Part 2 Regulation 5(2) the S.I. No 375 of 2017. The Company is also subject to the Central Bank of Ireland’s Client Asset Requirements.*

*The Firm is subject to the prudential framework under the Investment Firms Regulations and Investment Firm Directive (“IFD/IFR”). This consists of three “pillars”:*

- **Pillar 1:** It sets out the minimum capital requirements that the Firm is required to meet;
- **Pillar 2:** This requires the Company and the Central Bank to take a view on whether additional capital should be held against risks not adequately covered by Pillar 1, and
- **Pillar 3:** This required the Company to publish information on the Company’s risk management objectives and policies, capital resources and capital requirements.

*The IFD/IFR allow for differentiated regulation of investment firms depending on their classification, with higher impact investment firms being subject to more intensive regulation.*

*The Company is currently classified as Class 2 firm.*

## Structure & scope

*The financial disclosures made in this document are in respect of BCP Asset Management DAC and its holding company BCP Private Clients (“BCP Group”) on a consolidated basis.*

*The following Pillar 3 non financial disclosures have been prepared as at 31 December 2021, which is the accounting period end date for BCP Asset Management DAC.*

## GOVERNANCE

The Board of Directors of the BCP Asset Management DAC of companies is ultimately responsible for the management of the Company.

The Boards of the BCP Asset Management DAC are appointed based experience, qualifications and skills.

There are 4 Directors of BCP Asset Management DAC; 2 Independent non-Executive Directors, 1 non-executive director and one executive director who is also the Chief Executive Officer.

As of 31st December 2021, the number of Directorships held by Board members of BCP Group companies were:

Number of Directorships held	54
Of which BCP Group companies	14
External directorships	39

The Directors believe they have sufficient time to fulfill their responsibilities as Directors of a regulated group of companies. The Board meets at least on a quarterly basis.

### MANAGEMENT BODY DIVERSITY

The BCP Group recognises the importance and benefits of Diversity in its composition and is committed to having a diverse board over time. Whilst the BCP Group currently is not gender balanced, it has had female

representation on the Board in the past. Subject to identifying an appropriately qualified candidates willing to accept such roles, it would intend to achieve gender balance in the coming years.

## BOARD AND MANAGEMENT GROUPS

### RISK & COMPLIANCE COMMITTEE

The Group has a Risk and Compliance Committee (RCC) which is a sub-committee of the Board. The terms of reference for the RCC sets out the roles and responsibilities of the committee and its relationship with to the Board. The RCC oversees the Risk Management

Framework including the setting of the Firm's risk appetite and the monitoring of the firms activities against that risk appetite. The Risk and Compliance committee met quarterly in the year under review.

### REMUNERATION COMMITTEE

The group has appointed a Remuneration Committee which is a sub-committee of the Board. The terms of reference of the remuneration committee sets out its responsibilities in implementing a remuneration policy that is clearly documented, proportionate, gender-neutral, take

account of sustainability objectives, promotes sound and effective risk management and ensures the Firm does not remunerate or assess the performance of its staff in a way that conflicts with its duty to act in the best interests of its clients.

### MANAGEMENT TEAM

The Board has appointed a Management Team, chaired by the CEO which has responsibility for the day to day management of the Firm.

## FREQUENCY AND VERIFICATION OF DISCLOSURES

The Board of directors of the company believes that the Pillar 3 disclosures should be made at least annually.

website is the most appropriate channel.

The Board believes that the publication of these disclosures on the Company’s

## RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has appointed a Chief Risk Officer who is responsible for maintaining a risk management framework that facilitates discussion and decision making in respect of risk matters at the appropriate level. The Firm’s risk management policies and processes are designed to manage the risks within its business and comprehensive to the Firm’s business.

The Board is ultimately responsible for the Firm’s risk management framework. The Board is supported by the management team.

## IFD/IFR AND K FACTORS

The IFR/IFR introduces the concept of K factors, which seeks to ensure the investment firm holds enough capital appropriate to the type and level of activities the firm undertakes and the risks, particularly in relation to client assets, that the investment firm has.

The IFD/IFR requires that firms assess the level of capital required by the business by reference to K factors.

The K-factor provides for three types of risks: risk-to-client, risk-to-market and risk-to-investment firm as shown in Figure 1 below:

**Figure 1:**

K-factor requirement
<p><b>Risk-to-Client (RtC):</b></p> <ul style="list-style-type: none"> <li>→ K-AUM: assets under management;</li> <li>→ K-CMH: client money held;</li> <li>→ K-ASA: assets safeguarded and administered; and</li> <li>→ K-COH: customer orders handled.</li> </ul>
<p><b>Risk-to Market (RtM):</b></p> <ul style="list-style-type: none"> <li>→ K-NPR: net position risk; or</li> <li>→ K-CMG: If permitted by the competent regulator on the basis of the conditions in Article 23 IFR, a K-factor based on all positions or portfolio under clearing.</li> </ul>
<p><b>Risk-to-Investment Firm (RtF):</b></p> <ul style="list-style-type: none"> <li>→ K-TCD: trading counterparty default;</li> <li>→ K-CON: concentration risk in excess of certain threshold values;</li> <li>→ K-DTF: daily value of transactions on own account.</li> </ul>

For BCP Group, the risk-to-client is the only component impacting the K-factor capital requirement.

IFD/IFR AND K FACTORS  
CONTINUED

**a. Risk to Client:**

Risk to Client addresses risks carried by an investment firm during the undertaking of its services, actions or responsibilities, which could negatively impact clients:

- i **K-AUM (Assets under Management)**  
K-AUM relates to the value of assets that an investment firm manages for its clients under both discretionary portfolio management and non-discretionary arrangements.  
K-AUM includes assets which their management were delegated to another entity.  
K-AUM capital requirement is the sum of the most recent 15 months of AUM, excluding the 3 most recent months' values multiplied by a coefficient of 0.02%.
- ii **K-COH (Client Order Handling)**  
K-COH relates to the value of orders that an investment firm handles for clients, through the reception and transmission of client orders and through the execution of orders on behalf of clients.  
The K-COH capital requirement is the sum of the most recent 6 months of COH, excluding the 3 most recent months values multiplied by a coefficient of 0.1% (cash trades) and/or 0.01% (derivatives).
- iii **K-CMH (Client Money Held) and K-ASA (Asset Safeguarded and Administered)** K-CMH reflects the amount of client money that an investment firm holds, taking into account the legal arrangements in relation to asset segregation and irrespective of the national accounting regime applicable to client money.  
The K-CMH capital requirement is the sum of the most recent 9 months of CMH, excluding the 3 most recent months values multiplied by a coefficient of 0.4% (on segregated accounts) and/or 0.5% (on non-segregated accounts).  
K-ASA is the value of assets that an investment firm safeguards and administers for clients, irrespective of whether assets appear on an investment firm's own balance sheet or third party accounts.  
The K-ASA capital requirement, the sum of the most recent 9 months of ASA, excluding the 3 most recent months values multiplied by a coefficient of 0.04%.  
In addition to external oversight of the Firm's control framework from parties such as our external auditors, internal audit and the Central Bank of Ireland, the Firm has in place independent control functions that oversee the financial and operational controls in place. These are Risk, Head of Client Asset Oversight and Compliance.

**b. Risk to Market**

Risk to Market relates to the impact an investment firm could have on the markets in which it operates, and on those counterparties it trades with. BCP Group doesn't have exposure to risk to market.

**c. Risk to Firm**

Risk to Firm captures risks to an investment firm's solvency from its trading activity and market participation. BCP Group doesn't have exposure to risk to firm.

## REGULATORY CAPITAL RESOURCES

The Group’s regulatory resources at end of December 2021 are:

Share Capital	8,100
Share Premium	1,442
Reserves	10,341,023
<b>Total Resources</b>	<b>10,349,123</b>

### Own Funds Reconciliation

Own Funds disclosure and reconciliation templates are set out in Appendix 1.

### Fixed Overhead Requirement

The fixed overhead requirement determined in accordance with Article 13 of this Regulation is €1.5m.

### K-Factor Requirement

This is the K-factor requirements calculated, in accordance with Article 15 of the Regulations, in aggregate form for Risk to Market, Risk to Firm and Risk to Client, based on the sum of the applicable K-factors.

## CAPITAL ADEQUACY AND ICAAP

The Firm has formal procedures in place to make its own internal assessment of capital requirements and to monitor and manage capital resources on an active and timely basis in order to comply with regulatory requirements and to maintain a strong capital to support its business development.

The Firm is currently subject to the transition provisions of the Investment Firm Regulations which requires the firm to have Capital of approximately €4m. The Firm’s capital plan currently projects

that the firm will meet its full IFD/IFR requirement when the transition period comes to an end (June 2026).

The ICAAP process allows the Board to be informed of the ongoing assessment of the risks to which the Company is exposed, how they are managed and how much capital is necessary having made this assessment.

The ICAAP is reviewed on a regular basis by the Board.

## REMUNERATION

The Company is authorised and regulated by the Central Bank under the MiFID regulations and is subject to the Investment Firms Directive and the Client Asset Regulations. The Company is subject to IFD/IFR rules on remuneration and it offers both a fixed base salary to its employees and

variable remuneration which is dependent on individual and business performance, taking into consideration financial and non-financial criteria.

## LIQUIDITY RISK

Liquidity risk is the risk that the ability to meet payment obligations cannot be achieved by the Group at all times.

The Company does not rely on borrowings to fund its operations. In line with Investment Firms Regulation (‘IFR’),

investment firms should hold a minimum of one third of their fixed overheads requirement in liquid assets at all times. BCP holds cash substantially in excess of this requirement.

## APPENDICES

### Appendix 1: Disclosure on own funds templates

Investments firms disclosure			
Template	Template	Name own funds	Legislative reference
1	IF CC1	Composition of regulatory own funds	Art49(1)(c)
2	IF CC2	Own funds reconciliation with audited financial statements	Art49(1)(a)
3	IF CCA	Own funds main features	Art49(1)(b)

### Appendix 1.1: Template EU IF CC1.01 Composition of regulatory own funds

	Common Equity Tier 1(CET1) capital: instruments and reserves	Amounts '000	Source based on reference numbers/ letters of the balance sheet in the audited financial statements
1	Own Funds	10,350	Sum formula
2	Tier 1 Capital	10,350	Sum formula
3	Common Equity Tier 1 capital	10,350	Sum formula
4	Fully paid up capital instruments	8	Template EU IF CC2 Equity Row 1 Column a
5	Share premium	1	Template EU IF CC2 Equity Row 2 Column a
6	Retained earnings	10,341	Template EU IF CC2 Equity Row 3 Column a
7	Accumulated other comprehensive income	–	Template EU IF CC2 Equity Row 3 Column a
10	Adjustments to CET1 due to prudential filters	–	Regulatory capital deduction
12	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER	–	Sum formula
17	(-) Losses for the current financial year	–	
18	(-) goodwill	–	Template EU IF CC2 Equity Row 3 Column a
199	(-) Other intangible assets	–	Template EU IF CC2 Equity Row 2 Column a
23	(-)CET1 instruments of financial sector entities where the institution does not have a significant investment	–	Regulatory capital deduction

**Appendix 1.2 Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements**

	a	b	c
	<b>Balance sheet as in published/audited financial statements</b>	<b>Under regulatory scope of consolidation</b>	<b>Cross reference to EU IF CC1</b>
	<b>As at period end</b>	<b>As at period end</b>	
	<b>000's</b>		
<b>Assets – Breakdown by asset classes according to the balance sheet in the published/audited financial statements</b>			
1	Tangible assets	347	No difference in the firm's scope of accounting consolidation and regulatory consolidation
2	Investments in subsidiaries		As above
3	Financial assets at fair value through profit or loss	3,012	As above
4	Cash and cash equivalents	8,156	As above
5	Current tax	39	As above
6	Prepayments	316	
7	Other Assets	3,101	As above
31/12/2021	<b>Total Assets</b>	14,971	As above
<b>Liabilities – Breakdown by liability classes according to the balance sheet in the published/audited financial statements</b>			
1	Trade, other payables, financial liabilities at fair value through profit or loss and provisions	2,129	As above
31/12/2021	<b>Total Liabilities</b>	2,129	As above
<b>Shareholders' Equity</b>			
1	Called up share capital	8	As above
2	Share premium	1	As above
3	Retained Earnings and other	10,341	As above
31/12/2021	<b>Total Shareholders' equity</b>	10,350	As above



## Appendix 1.3 Template EU IF CCA: Own funds: main features of own instruments issued by the Firm

		a
		Free text
1	Issuer	BCP Private Clients DAC
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Ireland
5	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	7900
7	Nominal amount of instrument	75400
8	Issue price	0.1
9	Redemption price	0.1
10	Accounting classification	Shareholders' equity
11	Original date of issuance	28-Dec-05
12	Perpetual or dated	N/A
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	N/A
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	N/A
23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	N/A
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

(1) Insert 'N/A' if the question is not applicable

## Appendix 2: Risks &amp; Exposure

		Exposures	
		Factor amount	K-factor requirement
		0010	0020
	0010		11,205,886
<b>Risk to client</b>	0020		11,205,886
Assets under management	0030	19,883,473	3,977
Client money held – Segregated	0040	2,785,313,177	11,141,253
Client money held – Non-segregated	0050	-	-
Assets safeguarded and administered	0060	146,144,879	58,458
Client orders handled – Cash trades	0070	2,197,920	2,198
Client orders handled – Derivatives trades	0080		
<b>Risk to market</b>	0090		
K-Net positions risk requirement	0100		
Clearing margin given	0110		
<b>Risk to firm</b>	0120		
Trading counterparty default	0130		
Daily trading flow – Cash trades	0140		
Daily trading flow – Derivative trades	0150		
K-Concentration risk requirement	0160		



