

Pillar 3 Disclosure

Introduction

The Capital Requirements Directive ("CRD") of the European Union created a revised regulatory capital framework across Europe governing the capital requirements of financial services firms. In the United Kingdom this is implemented by the Financial Conduct Authority. The FCA framework consists of three Pillars

1. Pillar 1 defines the minimum capital requirements through the measurement of credit, market and operational risk.
2. Pillar 2 requires the firm to assess whether additional capital is required due to firm-specific risks not addressed in Pillar 1.
3. Pillar 3 addresses transparency in information disclosure.

Policy and Approach

Information in this disclosure has been approved by Price Markets UK Ltd.'s ("PRICE") Board of Directors and has been prepared to meet the Pillar 3 disclosure requirements. The Board of Directors do not consider that Pillar 3 disclosures need to be made more frequently than annually unless there has been a material change.

Risk Management

PRICE's approach to risk management is the development of systems and controls to mitigate the risk of its business. PRICE has permission for the following; Contract for Differences, Options, Rights to or interests in investments, Rolling spot forex contracts and Spread Bets. Sound risk management is key to the success of PRICE.

Capital Resources

As of 31 December 2018 and throughout the year PRICE has complied with the capital requirements. As at 31 December 2018 PRICE had total capital resources of £317,846. PRICE is a EUR125k IFPRU firm.

Risk Assessment

The risks faced by PRICE and the controls operating over such risks are regularly reviewed by senior management. These risks are mitigated by the implementation of sound systems and controls and through corporate governance arrangements. PRICE has assessed these risks in its ICAAP.

Liquidity Risks

PRICE ensures that the required liquidity resources are maintained at all times. Client Monies are held in client money accounts in accordance with FCA rules. PRICE does not use sophisticated treasury operations, client balances are maintained as on demand deposits.

Market Risks

PRICE does not hold any principal positions acting as broker in the transaction and thus market risks are minimal.

Competition Risks

Foreign Exchange is a competitive market; PRICE works to ensure that its products and staff are of the highest level to ensure it remains competitive.

Credit Risks

The main credit risks faced by PRICE are the banks and prime brokers it uses for hedging transactions and placing client funds. PRICE uses predominantly its shareholder banks and tier one banks.

Operational Risks

The operational risks include systems, people, legal, compliance amongst other factors. These operational risks are mitigated by PRICE's control environment which includes documented systems, procedures and controls within the key processes combined with managerial oversight.

Regulatory Risks

The financial services sector that PRICE operates is heavily regulated and is currently in a period of significant change. PRICE monitors the changes in regulation with the assistance of consultants to ensure compliance.

Capital Management

PRICE has adopted the standard approach to capital requirements with objectives of complying with the FCA's capital requirements, ensuring its operation as a going concern and providing a strong capital base to grow its business.

ICAAP

PRICE undertakes an Internal Capital Adequacy Assessment Process (ICAAP) at least annually or more frequently if required. The calculated required capital as at the last ICAAP as at 10th July 2019 was £112,300