Seneca Investment Managers Limited
Pillar III Disclosure

The Capital Requirements Directive has established a uniform regulatory capital framework across Europe determining the amount and nature of capital that credit institutions and investment firms must maintain.

The UK has implemented this Directive through the Financial Conduct Authority ("FCA") and detailed regulations are set out in the General Prudential Sourcebook ("GENPRU") and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU").

The FCA's current prudential regime consists of three 'Pillars':

- Pillar 1 – sets out the minimum capital amounts that authorised firms need to hold.
- Pillar 2 – requires the firm to analyse the risks to the business and assess whether its Pillar 1 capital is adequate when considering any mitigation to these risks. If the risks are not adequately mitigated then the firm should consider allocating additional capital against those risks.
- Pillar 3 – requires disclosure of certain information concerning the capital position, risk management controls and underlying risks.

This disclosure seeks to meet the disclosure obligations for Seneca Investment Managers Limited "SIML"

SIML may omit information and any of the required disclosures if the information is immaterial or if it is proprietary or confidential. The firm considers proprietary information as information that which, if it were shared, would undermine its competitive position. Information is considered to be confidential where there are obligations binding SIML to confidentiality with its customers, suppliers and counterparties. Where information has been omitted for either of the above reasons this is stated in the relevant section of the disclosure.

Application of the requirements

The firm is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The firm is categorised by the FCA, for capital purposes, as a limited licence firm. It is an investment management firm; it has no trading book exposures. The firm is not part of a group and does not have to prepare consolidated reporting for prudential purposes.

Risk management

The Directors of the firm determine the business strategy and the risk appetite. As part of the Pillar II and Pillar III process, the Directors have considered whether the controls and risk management frameworks match the firm's risk appetite. The Directors meet on a regular basis and consider risks to the firm and how to monitor and where possible, mitigate against those risks.

There are also a number of policies and procedures which assist the Directors in managing the firm's risks. The Directors determine whether the capital that the firm holds is adequate to mitigate against any material risks the firm has. At present, it has not been deemed necessary to allocate additional capital against the risks that the firm has identified.

The risks, controls and risk mitigation procedures are reviewed formally on an annual basis but additionally on an informal basis at Board meetings. The Directors have determined that the key risks that the firm faces are business risk, concentration risk, operational risk and reputational risk.

Regulatory Capital

The amount and type of capital resources and the capital requirement of SIML is set out below:

Capital Resource as at 31st December 2019	£'000
Share Capital	87
Share Premium	0
Revenue Reserves	1,713
Total capital resources	**1,800**

The main features of the firm's capital resources requirement are as follows:

	£'000
Tier 1 capital less innovative tier 1 capital	1,800
Total tier 2, innovative tier 1 and tier 3 capital	-
Deductions from tier 1 and tier 2 capital	-
Total capital resources net of deductions	**1,800**

The firm is a limited licence firm and as such the firm's capital requirements are the greater of:

- It's base capital requirement of €50,000;
- The sum of the market and credit risk requirements; and
- It's Fixed Overhead Requirement.

At present, SIML's Fixed Overhead Requirement is £649,359.

Remuneration Disclosure

Introduction

The Remuneration Code came into effect on 1st January 2011 as set out in the EU's Capital Requirements Directive ("CRD3"). The intention is to ensure that SIML establishes, implements and maintains remuneration policies and procedures that are consistent with, and promote, sound and effective risk management. The remuneration rules are covered in the FCA's Handbook at SYSC 19A and BIPRU 11.5.

The Remuneration Code applies to Remuneration Code Staff which includes senior management, staff engaged in control functions, risk takers and employees who receive a total remuneration package that brings the individual into the same remuneration bracket as senior management and whose professional activities have a material impact on the risk profile of the firm.

SIML is required to comply with the FCA's disclosure requirements in a manner which is appropriate to its size and internal organisation together with the nature, scope and complexity of its activities. SIML falls within FCA's proportionality level three and as such the FCA allows SIML to take a proportionate approach to some aspects of the remuneration disclosure requirements.

The Board of SIML has established a separate remuneration committee of non-executive directors and the Chairman to facilitate SIML's remuneration policy.

The Remuneration Policy will be reviewed, at least, annually by the Board to ensure that it remains consistent with the principles of the Remuneration Code and with SIML's policy on remuneration. In addition, the Compliance Officer will undertake compliance monitoring in respect of the remuneration code as part of the firm's compliance monitoring programme.

Link between pay and performance

Employees at SIML may receive both a fixed ("salary") and variable ("bonus") component to their remuneration. Salary levels are set with the purpose to retain and, if necessary, attract staff with the necessary skills knowledge and technical abilities.

Performance is a key component used in the calculation of variable remuneration. The assessment is based on the performance of the firm and the individual and their success in meeting the targets that have been set for that individual. Individual performance is assessed taking into account the individual's longer term performance and takes into account non-financial criteria, such as risk management and regulatory compliance. The measurement of financial performance will be based principally on profits and not on revenue or turnover.

During any periods where SIML makes a loss, it is likely that variable remuneration awards will not be made except in exceptional circumstances where payments may be considered.

Quantitative remuneration information

SIML is required to disclose aggregate quantitative information on remuneration in respect of its Code Staff, broken down by business area and members of staff who have a material impact on SIML's risk profile. Due to its size and the non-complex business undertaken by SIML, the firm has only one business area (investment management).

Aggregate remuneration

Senior Management £'000	Others £'000
765	-

SIML is disclosing this information as at 31st December 2019 and in accordance with its obligations under the Remuneration Code and the Pillar III requirements.