CONCORDE
INVESTMENTS IRELAND

Pillar III Disclosure

Introduction

Concorde Investments Ireland Ltd ("CII") is required to have in place an ICAPP which assesses the risks posed by CII's services. The ICAAP defines CII's approach to capital calculation, is forward looking and considers the impact on its capital of material changes to its business. The objective of the process is to ensure that CII has adequate capital to cover these risks. The CRD requires investment firms to consider the relationship between their risk and capital under Basel II. This is set out in the 3 Pillar approach.

- Pillar I: Under Pillar I firms calculate their minimum capital requirement to cover **Market Risk, Credit Risk and Operational Risk** using defined methodology from the CRD.
- Pillar II: Pillar II requires investment firms to undertake an Internal Assessment of the Capital required to cover the risks identified relating to their investment business activities. This is known as the Internal Capital Adequacy Assessment Process (ICAAP).
- Pillar III: Pillar III requires firms to disclose their assessment of the risks identified for their business and the manner in which they are managed.

CII's model is the provision of investment advice, receipt and transmission of orders and the safekeeping of client assets.

Risk Management

CII has in place a robust risk management framework which is integral to CII's identification, mitigation and management of its risks. CII's framework is overseen by the Board. The Management and Board are also responsible for creating a strong culture of risk awareness amongst staff at all levels which serves to strengthen the Risk Framework. CII has in place Head of Risk who is responsible for the risk management of CII. The Head of Risk is a member of management with a direct reporting line to the Board of Directors. The Head of Risk is responsible for the implementation of CII's risk framework and also for its ongoing development in order to strengthen the resilience and cultural awareness of risk management in CII.

CII has in place a Risk Appetite Statement which defines CII's risk appetite as the amount and type of risk that CII is willing to accept in order to achieve its objectives. The risk appetite takes into account the different stakeholder perspectives. The Firm assesses its overall risk appetite as low.

Risk Profile

The Firm has identified the following as its core risks:

i. Operational risk.
ii. IT and Cyber Security (distinguished form Operational given its growing nature)
iii. Fraud, anti-corruption and bribery risk (distinguished form Operational given its growing nature)
iv. Conduct Risk
v. Strategy/Business Start Up Risk
vi. Reputational risk
vii. Credit risk

Material Risks

An overview of CII's key risks is set out below.

Operational risk

The risk of direct or indirect losses resulting from the inadequate operation of processes, people and systems as well as other external events. Below is a limited number of operational risks for consideration:

i. Human error
ii. Legal and regulatory risk
iii. Poorly documented policies and procedures
iv. Insufficient training
v. Loss of key staff
vi. Outsourcing risk

Although naturally falling under the definition of Operational Risk, CII believes that the growth in IT risk and Cyber security risk requires a separate risk category. Similarly recent regulation on Fraud, anti-bribery and corruption would suggest a standalone risk category.

IT and Cyber Security Risk
This is a growing risk in the industry and is the risk arising from inadequate information technology, safeguarding measures and processing in terms of manageability, exclusivity, integrity, controllability and continuity or arising from inadequate IT and Cyber security strategy, policy or proactive approach to same.
This risk is also understood to incorporate the risk associated with failing to have proper disaster recovery arrangements or failure to have properly documented and implemented business continuity arrangements.

Strategic/Start up risk
CII as a newly established entity is exposed to a higher level of business risk than would be expected of a typical established firm. The risk associated with a Strategy/Business Start-Up Risk and whether a Firm's strategy fails or is not sufficiently mapped out.

Fraud, anti-corruption and bribery risk
Previously a risk identified under the umbrella of operational risk, this risk has grown sufficiently to be a risk of its own. Although linked to cyber threats the developed and global nature of fraud is considered by CII to be a standalone risk. Ireland's recent regulation underlines the growth of this area and CII will comply with the regulation.

Reputational Risk
Risks indirectly affecting profitability that may result from an unfavourable consumer, business partner, or regulatory authority opinion of CII and manifest itself in CII's external perception falling short of the desired standard.

Credit Risk
The risk associated with monies owed to the Firm not being paid. This for example would be fees associated with the Firm's client asset business. This is also the risk associated with client asset balances held with Citi bank.
Fees are automatically debited from a client's account when they fall due. In terms of CAR, the Firm has robust procedures in place in relation to CAR and in turn uses a strong service provider Citi who is regulated by the Central Bank of Ireland and has a strong credit rating. The Firm holds its own cash with Citibank.

Conduct Risk
The risk associated with the consequence of attitudes and behaviours. This risk incorporates the culture of an entity to include the way we think, act, speak to each other and make decisions, sometimes subconsciously. CII endeavours to be a compliance led organisation and CII's positive conduct together with this leads to a more positive client focussed culture. CII has at its core the proper treatment of clients. CII provides strong leadership, actions and communication though training and in how it conducts itself. This should be borne out though the number of complaints received in a given period. In addition, CII uses its remuneration structures to manage performance of employees.

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Concorde Investments Ireland Limited is regulated by the Central Bank of Ireland.

Remuneration
Concorde Investments Ireland Ltd (the “CII”) is required, under MiFID II to have in place remuneration policies and practices for persons involved in the provision of services to clients which aims at encouraging responsible business conduct, fair treatment of clients as well as avoiding conflict of interest in any relationship with clients. CII’s remuneration policy (the “Policy”), identifies staff (“identified staff”) whose activities have a material impact on the business and as a result, CII’s clients. CII’s Board of Directors has overall responsibility for CII’s Policy, and shall approve and oversee the Policy at least annually to ensure that:

i. The overall remuneration system is operating as intended
ii. Remuneration payments are appropriate
iii. CII’s risk profile and long term objectives are accurate reflected
iv. Industry best practice and guidelines are adhered to

ESMA’s Guidelines on Remuneration Policies and Practices defines “Identified staff” as including but not limited to:

v. CEO, Directors, Executive and non-Executive Directors
vi. Senior Management
vii. Risk takers – staff who can exert material influence on CII.
viii. Those in control functions
ix. Staff whose total remuneration takes them into the bracket of senior management and risk takers and whose activities have a material impact on CII.

Performance assessment

When providing investment services to clients, CII shall ensure that it 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.
Performance based remuneration is awarded in a manner which promotes sound risk management and does not induce excessive risk-taking that may result in client detriment and reputational damage for CII.

Capital Structure

CII has capital in the amount of EUR 659k at December 31, 2018. Based on CII’s FOR calculations and ICAAP assessment, CII is satisfied that this level of capital is sufficient to meet the risks faced by CII both now and going forward.