



## **Pillar 3 Disclosure – Accounting year end 2020**

## Pillar 3 Disclosure

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## 2. Introduction

### 2.1 Background

Platform One Limited's Pillar 3 disclosures are prepared in accordance with the Capital Requirements Regulation and Capital Requirements Directive IV (collectively known as 'CRD IV') as implemented by the FCA in the FCA Handbook, under a capital adequacy framework consisting of three 'Pillars':

- Pillar 1 sets minimum capital requirements
- Pillar 2 requires firms to undertake an internal assessment of their capital adequacy, taking into account the nature and level of risks to which the firm is or may be exposed. This is achieved through the Internal Capital Adequacy Assessment Process ('ICAAP') and the Supervisory Review and Evaluation Process ('SREP') undertaken by the FCA.
- Pillar 3 requires firms to disclose information on their risk management framework, own funds / capital resources, Pillar 1 requirements, risk exposures and remuneration

This document is updated and published annually. It will, however, be published more frequently if there are material changes to the business.

The rules provide that an entity may omit one or more of the required disclosures if it believes that the information is immaterial. A disclosure is deemed to be material if the omission or misstatement of that information would be likely to change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions. Where a disclosure is considered to be immaterial, this has been stated.

This document has been reviewed internally and approved for publication on the Platform1online.com website. It has not been externally verified.

### Categorisation

Platform One Limited is categorised as an IFPRU €125,000 limited licence firm.

#### Business overview

Platform One Limited is an administration and custody platform for independent financial advisers (IFAs) and their clients, allowing the former to manage their client's money across a range of tax wrappers and financial products. It is therefore primarily a "business to business" service provider as its principal focus is on relationships with IFAs and product or service providers, providing the platform and ecosystem on which all these entities operate. This provides significant advantages to consumers and IFAs as it allows them to manage all their various tax wrappers, investment portfolios and financial products, across a range of providers, in one place, providing ease of use, transparency and accessibility.

### 2.2 Scope and basis of preparation

As Platform One Limited is not part of a UK Consolidation Group. These disclosures have been prepared on a solo basis.

## 3. Governance

Platform One Limited is governed by the Board, to which the Directors report. The Board meet every other month and have a standing agenda which is reviewed and discussed in detail. Part of this standing

agenda is reviewing the risk profile of the business, the risk register and the company's risk appetite, in addition to monitoring regulatory and operational capital requirements.

The number of directorships held by members of the management body (including Platform One Limited) are as follows:

Name	Role	Number of directorships held	Entities related to Platform One Limited
Alex Cowan-Sanluis	CEO	10	5
Michael Fordham	CEO	7	5
Clive Boothman	Director	9	5
Chris Murphy	Director	2	1

The recruitment policy for the selection of members of the management body is based on the Fit and Proper requirements of the Senior Management and Certification Regime. These are documented in Platform One's Senior Management Recruitment Policy which is based on the FIT chapter of the FCA handbook. All senior management must undergo a fit and proper test prior to recruitment and a skills gap analysis. New members of the management body must be approved by all members of the Board. Existing Senior Managers must undergo a fit and proper test at least annually.

Diversity will be taken into consideration in any appointment to the Board and appointments will be made based on equal opportunities and without discrimination, as per the firm's ethics policy.

### 3.1 Information flow on risk to the Board

Platform One's Internal Capital Adequacy Assessment Process (ICAAP) identifies the material risks that the Board think represent the greatest threat and potential impact to the service lines, revenue streams and cost drivers. Those risks are assessed and form the basis of all Board and director led discussions about the strategy of the business.

Risks are reviewed continually throughout the year and assessed formally at the Board meetings every other month. Any changes to the risk profile of the business are noted and considered when strategizing for the subsequent months and year, with adjustments made to the model where appropriate, proportional to the risk exposure. First and foremost, this influences capital planning, both operational and regulatory capital, with a view to assessing and changing the income and cost drivers where necessary in order to maintain enough capital, viability and liquidity.

Capital planning, including the amount and type of capital required, is measured and calculated according to the relevant risk, such as market, liquidity, operational and business risk. These risks are identified in detail in our risk matrix and capital allocated to each risk type. If the amount allocated to a particular risk requires an increase or decrease, that will be reflected in an updated ICAAP, assessed by the Board and ultimately change the regulatory capital held by the business to safeguard for those risks.

### 3.2 Governance committees

Platform One has a separate Risk Management Committee which reports to the Board. The Board has also adopted a risk management governance structure comprising of the Board and the Risk and Compliance function to provide review, challenge and oversight of the firm's risks.

## 4. Risk management objectives and policies

### 4.1 Approach to Risk management

#### 4.1.1 Risk management framework

Platform One Limited has adopted a risk management framework comprised of the following four elements:

- Risk governance – this includes setting risk tolerances, establishing policies and procedures, and overseeing the risk management framework.
- Risk identification and assessment – this includes identifying the firm’s key risks and emerging risks, identifying business line risk through tools such as risk and control self-assessments and regular meetings, reviewing major changes (and products) and reviewing operating events and external events.
- Risk monitoring and measurement – quantifying and forecasting risks and monitoring against risk tolerance
- Risk reporting – providing information and reports to management, boards, committees and regulators

The Board is responsible for the effectiveness of Platform One Limited’s Risk Management Committee and risk management arrangements and has implemented an appropriate governance and risk management structure. This is designed to determine what risks Platform One Limited is willing to take and to manage those risks appropriately.

The Board considers that it has in place adequate risk management arrangements with regard to Platform One’s risk tolerance and strategy.

### **3.1.2 Independence of Risk management**

The Risk and Compliance function ensures that there is appropriate governance and oversight of all risks and the timely update of key documentation – for example risk assessments and business continuity plans. It also acts as an independent challenge to the risks and escalation points to the Board of Directors.

### **4.1.2 Risk management process**

The risk management process is made up of 4 stages:

#### 1. Identify

There are several ways in which we can identify potential risks including the following:

- Risk register
- Internal and external monitoring
- Management information (for example breaches / complaints and errors)
- News reports / media
- Regulator publications / thematic reviews

#### 2. Measure

When each risk and its controls have been identified, each must be assessed in terms of potential impact and likelihood to allocate a risk score. This involves looking at potential causes that could lead to the risk materialising, the strength of the controls in place and whether they are appropriate for the risk involved. The risk measurement methodology is based upon a five-point matrix defining Impact and Likelihood for each risk. The effectiveness of controls is considered, and a score is allocated to each risk. A traffic light indicator system is used to show the status of each risk.

#### 3. Mitigate & 4. Monitor

Each risk in the Risk Register has an owner, ensuring the employees/teams responsible for the process can add their knowledge and hands on experience to the risk identification exercise and also the effectiveness of the controls in place. This encourages the risk owners to review their processes

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and to look at potential improvement / enhancement whilst raising the profile of Risk Management throughout the firm.

The results are captured within the Risk Register which will be updated with any new risks and any changes that are identified. This ensures the identification process is interactive, subject to periodic review and adjustment considering experience or changes in the business area / process.

The Risk Register is reviewed continually by compliance to ensure the business has identified any new risks arising from changes in external and internal drivers. Each risk owner, with assistance from Compliance, will update their Risk Register if and when circumstances change and by using the Risk Framework to notify senior management.

Any new or amended risk is escalated to the Board to allow senior management to review and make accurate decisions around risk treatment – e.g. whether to eliminate, further mitigate or transfer a risk.

The results will be incorporated into the compliance oversight programme and Business Continuity Plan, as necessary.

All new products or opportunities will be reviewed by the Board and Compliance.

#### **4. Risk appetite**

Material risks will be determined by the Board and Compliance with input from the business. This determination will be based on key risks that would cause detrimental harm to Platform One's clients or the business should they materialise. Each material risk is categorised and includes a qualitative risk appetite statement and a quantitative risk appetite statement determined by the Board.

Material risks are monitored via stress testing with the results of the stress testing presented to the Board.

The capital requirement for each material risk is calculated and included in the ICAAP

#### **5. Strategies and policies to manage key risks**

Platform One Limited is exposed to a number of risks, some of which are industry-wide and some of which are idiosyncratic to Platform One Limited. The material high level risk categories are as follows:

- a) Market drops
- b) Transfer of business off Platform One
- c) Lack of growth in AuA
- d) Significant increase in operational expenditure
- e) Loss of key staff in a short time frame
- f) System failure
- g) Regulatory restrictions
- h) Cessation of third-party services

Each of the above has been assessed for impact and likelihood and included in Platform One Limited's stress testing scenarios to determine the Pillar 2 capital requirements.

## 6. Own Funds

Within Platform One Limited, the only element of own funds held is Common Equity Tier 1 capital ('CET 1'). This is the highest form of capital and consists of share capital, share premium, retained earnings and other reserves.

The table below discloses the own funds for Platform One Limited.

As at the accounting reference date of 31<sup>st</sup> December 2020 Platform One Limited held the following capital.

Tier	Element	Capital £'000s
Common Equity Tier 1	Share Capital	£281
	Share Premium Account	£4,114
	Reserves	(£4,070)
	Total Common Equity Tier 1 Capital Resources	£325
Deductions	Intangible assets	£0
AT1 Capital	N/A	£0
<b>Total Tier 1 Capital</b>		<b>£325</b>
Tier 2 Capital	N/A	£0
<b>Total Capital / Own Funds</b>		<b>£325</b>

## 7. Capital requirements

### 7.1 Pillar 1 capital requirements

#### i. Operational risk

As Platform One Limited is categorised as an IFPRU £125K 'limited licence' firm, it is not required to calculate an operational risk requirement under Pillar 1. However, operational risk is included within the Pillar 2 assessment.

#### ii. Credit risk

The risk weighted exposure amounts under the standardised approach to credit risk are as follows:

Exposure classes	Minimum 8% own funds requirement	Risk weighted exposure
Central governments	0	0

Regional governments	0	0
Institutions	2,810	35,126
Corporates	20,484	256,040
Exposures in default collective investment undertakings	0	0
Other items	12,119	151,488
Total	35,413	442,654

### iii. Market risk

The only Pillar 1 market risk applicable to Platform One Limited is foreign exchange risk. The own funds requirement in respect of foreign exchange risk is £223.

The total Pillar 1 capital requirement is the higher of the sum of the Credit Risk and the Market Risk and the Fixed Overhead Requirement. Platform One's Fixed Overhead Requirement is £158,897. The Fixed Overhead Requirement is therefore greater than the sum of the Credit Risk and the Market Risk.

Entities that fall within the scope of CRD IV are required to hold own funds in excess of 8% of their total risk exposure amount ('TREA'). As a 'limited licence' firm, the TREA is the higher of 12.5 times the fixed overhead requirement ('FOR'), or the higher of the sum of credit and market risk, or FOR.

We have calculated our 'Total Risk Exposure Amount' (TREA), from which we will perform three further tests of capital adequacy.

Our Total Risk Exposure Amount is calculated by multiplying the FOR by 12.5 and is £1,986,213.

The three further tests of capital adequacy, based upon the TREA figure, are:

1. *Common Equity Tier 1 capital of 4.5% of TREA.*

We have a Common Equity Tier 1 capital amount of £325,000 compared to the minimum requirement of £89,379, which equates to 16.36% of TREA.

2. *Tier 1 capital of 6% of TREA.*

Our minimum requirement based on the above TREA is £119,173 and we currently hold a Tier 1 capital amount of £325,000 which equates to 16.36% of TREA;

and

3. *Total capital (Own Funds) of 8% of TREA.*

Our minimum requirement based on the above TREA is £158,897 and we currently hold Own Funds of £325,000 which equates to 16.36% of TREA.

## 7.2 Internal capital

In addition to the Pillar 1 requirement discussed above, Platform One Limited has an internal capital target set by the Board. In advance of any significant business decisions being made, the impact these will have on the capital of Platform One Limited is fully assessed in order to ensure a suitable capital surplus is maintained.

### Approach to assessing adequacy of internal capital

The primary purpose of the ICAAP is to inform the Board of the on-going assessment of Platform One Limited's risk, how Platform One Limited intends to mitigate those risks and how much current and future capital is necessary.

The ICAAP consists of a number of steps, which are conducted at least annually:

- The adequacy of risks covered by Pillar 1 (credit risk and market risk) is assessed and a decision made as to whether additional capital is required
- Risks not covered by Pillar 1 (operational, liquidity, business and others) are reviewed and assessed with additional capital put aside if required
- The sum of the risk assessments is then compared to the costs of winding down
- Finally, stress testing is conducted over a three-year period using a minimum of three scenarios and the potential impact on various metrics is assessed

Where the Pillar 2 assessment is higher than the Pillar 1 requirement, the firm holds additional capital at the solo level.

## 7.3 Pillar 2 capital assessments

Assessments have been made with regards to Platform One Limited's Pillar 2 Capital requirements for each of the following risks.

### i. Operational risk

Operational risk has been broken down into a number of categories and each assessed with regards to the risk that they may present and the mitigants in place. These categories are as follows:

Increase in operational expenditure  
 Key person cost  
 Internal fraud  
 External Fraud  
 Employee practices and workplace safety  
 Clients, Products and Business Practices  
 Damage to Physical Assets  
 Business disruption and system failure  
 Execution, Delivery and process management

### ii. Credit risk

### iii. Market risk

### iv. Liquidity risk

### v. Business risk

## vi. Concentration Risk

The following Pillar 2 risks are not applicable to Platform One:

Residual risk, Securitisation risk, Interest Rate risk, Pension Obligation risk, Group risk, Insurance risk, Leverage risk.

## 8. Remuneration

Platform One Limited is required to have a remuneration policy and practices for those categories of staff, including senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the firm.

This policy must be consistent with and promote sound and effective risk management and not encourage risk-taking which is inconsistent with the risk profile, rule or instrument of incorporation of the firm.

Remuneration is designed to ensure that the firm does not encourage excessive risk taking and that staff interests are aligned with those of the clients.

The Board is directly responsible for the overall remuneration policy which is reviewed annually. Platform One Limited does not employ external remuneration advisers. The review of the remuneration policy is completed by the Board. Variable remuneration is adjusted in line with capital and liquidity requirements as well as our performance. The Board will review the remuneration strategy on an annual basis together with the Code Staff.

Remuneration is based on balancing both financial and non-financial indicators together with the performance of the Firm and the staff member's business unit. We will monitor the fixed to variable compensation to ensure SYSC 19 is adhered to with respect to Total Compensation where applicable.

In addition to basic salary and where appropriate for the role, we operate two reward schemes:

- A discretionary annual bonus linked to the Firm's performance but subject to profitability and cash reserves as well as linked to performance of the individual;
- A discretionary share option scheme

### Purpose

- The overarching objective of the policy is to ensure investors are not disadvantaged or exposed to unacceptable practices or risk taking due to the remuneration methods or incentives available to employees.
- This will be achieved by the remuneration policy being:
  - consistent with and promoting sound and effective risk management
  - discouraging risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the firm
  - aligned to our business strategy, objectives, values and interests
  - aligned to the interests of the investors of the services we provide and including measures to avoid conflicts of interest
  - capturing fixed and variable components of remuneration, including salaries and discretionary pension benefits

- not rewarding failure

### **Proportionality assessment**

Platform One Limited has undertaken a proportionality assessment of its organisation, staff and delegates to determine if it may elect not to apply certain remuneration code requirements.

### **Remuneration Committee**

The Remuneration Guidelines state that firms should consider the setting up of a remuneration committee however given the size, structure and complexity of the firm, the board have agreed that there is no need for the setting up of such a committee. The Board will therefore be directly responsible for the overall remuneration policy of the firm. This will be reviewed annually.

### **Disapplication of certain remuneration principles**

As an IFPRU Limited Licence firm, Platform One Limited is classified as a 'Proportionality Level Three' firm.

As a result, it is therefore appropriate for Platform One Limited to disapply under the remuneration principles the following rules:

1. retained shares or other instruments (SYSC 19A.3.47R)
2. deferral (SYSC 19A.3.49R)
3. performance adjustment (SYSC 19A.3.51R – SYSC 19A.3.51AR)
4. the specific ratio between fixed and variable components of total remuneration (SYSC 19A.3.44R (3)).

### **Outcome - Staff**

Senior management and members of staff whose actions have a material impact on the risk profile of the business are classified as Code Staff. No staff have aggregate remuneration over £500,000 per annum. Based on our assessment as detailed above, the remuneration code will apply to the following roles which may or may not have any incumbents:

- CEO; captured in their capacity as Board member, SMF1.
- Executive Director; captured in their capacity as Board member, SMF3.
- Non-Executive Director; captured in their capacity as Board member.
- Head of Risk and Compliance; Captured in their capacity as SMF16.
- Money Laundering Reporting Officer; Captured in their capacity as SMF17
- Head of Engineering; Captured in their capacity as a Significant Management Function
- Head of Finance; Captured in their capacity as a Significant Management Function
- Head of UK Customer Support; Captured in their capacity as a Significant Management Function

Platform One Limited's annual assessment will detail and list remuneration code staff.

This assessment is reviewed on an annual basis, in line with the review of the Remuneration Policy and signed off by the Board.

### **Delegates**

When delegating functions Platform One Limited requires that:

- Appropriate contractual arrangements are put in place in order to ensure that there is no circumvention of the Remuneration rules. These contractual arrangements should cover

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any payments made to the delegates' identified staff as compensation for the performance of risk management activities on behalf of Platform One Limited.

### **Risk, Compliance and Control functions**

The remuneration of the Head of Compliance and Risk functions is directly overseen by the Platform One Limited Board.

Platform One Limited utilises benchmarking to determine the remuneration level of staff in control functions, including the remuneration of the Compliance Officer and other persons in the Compliance Function so as not to affect their objectivity or independence and to allow Platform One Limited to employ qualified and experienced personnel in these functions.

### **Annual review**

The Board of Platform One Limited, in its supervisory function, will periodically review the general principles of the remuneration policy at least annually.

### **Fixed remuneration**

Platform One Limited offers a fixed salary to attract and retain individuals within the marketplace. Salaries are reviewed on an annual basis.

Platform One Limited will ensure that the fixed and variable components of the remuneration are appropriately balanced and that the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components including the possibility to pay no variable remuneration component.

### **Retirement benefits**

The Retirement Benefits provided by Platform One Limited are in line with the business strategy, objectives, values and long-term interests of the firm. Platform One Limited does not offer any discretionary pension benefits.

### **Severance pay**

Platform One Limited will ensure severance pay is determined and approved, in line with the company's governance structure for employment. This will ensure that there is no reward for failure. This should not preclude termination payments in situations such as early termination of a contract due to changes in the strategy of the firm, or in merger and/or takeover situations.

The Board should be able to explain to competent authorities the criteria they use to determine the amount of any severance pay.

### **Other benefits**

#### **Death in service benefit**

A Death in Service benefit is payable to the employee's immediate family (or their nominated beneficiaries). This is in line with the market norm. It is not considered to be contrary to the Remuneration Guidelines as Death in Service benefits do not present a conflict of interest nor encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the firm.

#### **Health benefit/Private medical insurance**

All employees have the opportunity to join a private medical and health benefit scheme which provides help with medical expenses. This benefit is a taxable remuneration to the employee. It is not considered to be contrary to the Remuneration Guidelines as it does not present a conflict of interest

nor encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the firm.

The private medical and health benefit scheme is also considered a direct benefit to the company as it enables employees to be treated quickly in many circumstances and therefore allows them to resume their role in the business.

### **Variable remuneration**

Platform One Limited may employ methods of variable remuneration in the form of a discretionary bonus structure. However, due to the nature of the business this may only apply to individuals in roles that can deliver a direct added benefit to the business and one that is measurable. Such incentives will be based on the measurable benefit or improvement that has been calculated.

Platform One Limited will ensure the fixed and variable components of total remuneration are appropriately balanced and that the fixed component represents a sufficiently high proportion of the total remuneration to allow operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

When remuneration is performance related, Platform One Limited will ensure the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business, and of their risks and the overall results of Platform One Limited. When assessing individual performance, financial and non-financial criteria will be taken into account. The assessment includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks.

### **Disclosure**

As an IFPRU firm, Platform One Limited must provide an annual disclosure via this Remuneration Policy Statement.

### **2020 Financial Year Code Staff Remuneration Disclosure**

Senior management and members of staff whose actions have a material impact on the risk profile of the business are classified as Code Staff. No staff have aggregate remuneration over £500,000 per annum.

During the 2020 Financial year a total of £ £319,736.81. was paid in remuneration to code staff. This includes pension benefits, benefits in kind and share options. The number of remuneration code staff for the 2020 financial year is 9.