Platform One
a premium service for private investors

Platform One Limited

Pillar 3 Disclosure

June 2016

Contents

1.0 Introduction

This document contains the Pillar 3 information about the risk management practices and capital resources of Platform One Limited that under the rules of the UK's Financial Conduct Authority (FCA) are required to be publicly disclosed. The information in this document is based on the financial position of the Company at 22nd June 2016, unless stated otherwise.

Pillar 3 Disclosures

The Capital Requirements Directive (CRD) created a regulatory capital framework across Europe based on the provisions of the Basel II Capital Accord. This was adopted in the UK by the FCA within the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU). The framework consists of three 'pillars':

Pillar 1 — Sets out the minimum capital requirements firms will be required to hold for the purposes of covering credit, market and operational risk. Platform One Limited is subject to the Fixed Overhead Requirement for the calculation of its Pillar 1 Capital Resources Requirement.

Pillar 2 — Requires the firm and it's supervisors (the FCA) to take a view on whether the firm should hold additional capital against risks not covered in Pillar 1, and they must take action accordingly. For this purpose Platform One Limited has an Internal Capital Adequacy Assessment Process (ICAAP) which has been reviewed and approved by the directors.

Pillar 3 — Requires that Platform One Limited makes certain public disclosures regarding aspects of the risks it faces, its risk management processes and its capital resources. This publication must be made at least annually.

Business Structure

Platform One Limited is authorised and regulated by the FCA as a MiFID company and has a passport to trade across the EEA. It is categorised as a BIPRU Euro 125k limited licence firm.

The principal activity of Platform One is the provision of a premium online Wrap service to UK and international Independent Financial Advisers (IFAs).

Platform One runs three main services:

1. **UK service** – A Sterling only service with assets held in the UK. This service is RDR compliant and requires all adviser remuneration to be fee-based and all fund investments are in clean share classes. This service is aimed at advised High Net Worth ("HNW") clients.

2. **International service** – A fee-based offshore service which is multicurrency, has the assets held offshore and provides access to many offshore funds. All adviser remuneration must be fee-based and any fund or other investment commissions are rebated to the client. This service is the nearest to satisfying the UK's RDR requirements that can be provided offshore.

3. **Global service** – A commission-based offshore service which is multi-currency, has the assets held offshore and has access to many offshore funds and products, including those with commissions.

In the UK, Platform One provides access to a range of product wrappers including Onshore Bonds, Offshore Bonds, Pensions and ISAs. In addition to the standard products and tax wrappers provided by the general Wrap platforms, the company provides specialist products and tax wrappers which are well suited to the needs of its advised HNW client base. The underlying investment administration, investment systems and custody functions for the UK service are outsourced to Investment Funds Direct Limited, a subsidiary of the Royal London Group.

The company uses the "white label" services of Moventum SCA in Luxembourg for its International and Global platform services. Moventum SCA is regulated in Luxembourg by the CSSF. The custodian of the assets for the International and Global services is the Banque de Luxembourg.

The Platform One UK service also provides the ability for HNW clients to purchase and view as part of their portfolio unquoted UK company shares. This is primarily for EIS and Seed EIS qualifying shares as these are growing in popularity due to the tax reliefs available to HNW investors. To date these shares are recorded and shown on a “non-Custody” basis although demand is increasing to hold these shares, once purchased, on a custody basis.

Platform One also offers a “white label” or simple platform service for product providers that require an online portfolio and trading capability for their clients. This is a growing new area of services for the business. In most cases the standard platform services will be provided although some services will include additional software and white labelling facilities.

Platform One Limited adoption of Pillar 3

This document is intended to meet the obligations of Platform One Limited with regard to Pillar 3 disclosures as described above.

The disclosures are not subject to external verification, except to the extent that the data appears in the Company’s financial statements. Additional information regarding the Company’s risks and risk management not required under Pillar 3 can be found in the Company’s financial statements.

The Board of the Company has adopted a policy regarding Pillar 3 such that these disclosures will normally be made annually within three months of the time of publication of the Company’s financial results. This is subject to ongoing monitoring and any requirement to amend the information contained herein arising from a material change in circumstances of the Company.

2.0 Risk Appetite

The Company’s risk appetite is determined by the Board. Platform One considers itself to be risk averse with a low risk appetite. Its objective is to maintain sufficient financial resources to ensure that there is no significant risk that its liabilities cannot be met in full as they fall due. This approach applies to all Platform One’s activities and is evidenced by the Company’s strategy and business model including:

- A stated objective to focus on building a recurring revenue stream from Assets under Administration
- A diversified retail customer base with low concentration risk
- It does not give financial advice to clients
- All clients must be properly identified and verified
- It does not allow citizens of the USA or “US persons” to use its services
- It will only accept UK Advisers who are FCA authorised or International Advisers who are locally authorised
- Trading is only allowed on cleared and available funds or where the settlement of purchases is to be met from the settlement of sales on the platform
- It only acts as an agent when dealing
- It does not permit the offering of complex financial products such as Margin Trading, Short Selling, Option Writing or Spread betting
- Client free cash is only placed with AA rated UK banks or Banque de Luxembourg

The low risk appetite is embedded in the culture of the Company through the various management structures including those specifically relating to the management of risk as identified at 3.0 below.

3.0 Risk management objectives and processes

The over-riding objective of the Company’s risk management processes is the identification of risks and strategies to deal with those risks such that the overall risk to which the Company is exposed is in line with the risk appetite set by the Board.

The identification, understanding and mitigation of risks are part of the decision making processes within the Company. The attitude to risks the Company faces and mitigation strategies are cascaded through the organisation by means of the business planning process, regular board meetings and staff communication.

The Company's operational risk monitoring system consists of a combination of 'bottom up' monitoring work and internal controls. This is combined with the 'top down' approach of the Board of Directors based on regular reports and reviews.

The board normally meets quarterly and routinely reviews the company's finances as well as all regulatory and Anti-Money Laundering (AML) reports.

The Company considers that reviewing risks in this way provides an appropriate and sensible process that enables the board to understand, review and control the activities of the company.

The Internal Capital Adequacy Assessment Process (ICAAP) and its associated ICAAP document is a key element in the documentation and consideration of risks within the Company and the impacts those risks have on capital adequacy. The ICAAP is reviewed and where necessary updated at least annually.

4.0 Risk categories and exposure

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. Operational risk can never be eliminated but the Company aims to have in place reasonable and appropriate controls such that the probability and impact of such operational events are minimised.

The principal operational risks considered by the Company include the risks associated with events which may impact business continuity, and risks relating to outsourcing, IT equipment and interfaces. In addition, the Company considers aspects of the risks associated with potential fraud events, along with risks related to data security and risk associated with fund trading and administration activities

The Company seeks to mitigate operational risks through a strong culture of openness and probity, operational controls and procedures, segregation of duties and the use of insurance. This environment is supported by a core management team with a good understanding of the risks in providing services to the advised market, an in depth knowledge of investment administration and systems management, and extensive experience in financial operations governance. The Company has a business continuity plan which includes the use of alternative premises and back-up systems. Its outsourcing partners also have such continuity plans.

Credit risk

This represents the risk of loss through default by a counterparty. The Company has a diverse customer base but each must be advised by a financial adviser. It has controls in place to ensure trading can only take place using cleared funds or the proceeds of sales of assets held on the platform received on or before purchase settlement date. The principal risk in this area therefore relates to failure of a market counterparty or other institution (for example, a bank or market maker) used by the Company or its outsourcing partners.

In respect of deposit institutions (banks) used by the Company for holding client monies, the Company only uses major UK banks for its UK service and Banque de Luxemburg for its International and Global services.

Market risk

This is the risk that comes from fluctuations in asset values, income from assets, interest rates or exchange rates.

Exposure to market risk in respect of falls in market values arises primarily in the relationship between market values and the fee structures used by the Company. A fall in market values of our customers' investments has a direct impact on the fees charged and therefore on the Company's revenues.

The Company does not take any principal positions.

Fluctuations in interest rates have a direct impact on the Company's revenues by affecting the level of income earned on client monies held. Changes in interest rates also impact the income derived from the Company's own cash balances. However, there is currently a very limited downside risk to the Company given that interest rates are at a historic low.

Other risks

The Company mitigates against any liquidity risk by maintaining a Management Account and a segregated Capital Adequacy Reserve Account. In the event of an "Orderly Wind Down" the Capital Adequacy Reserve Account would provide at least three months of operational costs. This is deemed to be more than adequate given the use of outsourcing partners for the core investment administration and custody activities for the Company. The actual time expected to undertake such a transfer and orderly wind down is anticipated to take no longer than two months, however a prudent three months has been used for the Capital Adequacy calculations.

To ensure the security of Client monies, all client money is kept in a designated account that has been registered with our bankers for this purpose.

There are also a number of other risks the Board does not feel that the Company has exposure to given the nature of the business. These include pension risk, residual risk, and securitisation risk.

Pillar 2 requirement

The assessment and quantification of all the risks identified under the headings discussed above gives rise to an assessment within the ICAAP process of the level of capital required to be held to cover those risks. This is the Company's Pillar 2 capital requirement.

The Company has adopted the approach of comparing the Capital Resources Requirement calculated in accordance with Pillar 1 (the Fixed Overhead Requirement) with the Capital Resources Requirement determined under Pillar 2 (i.e. by the ICAAP process). That ICAAP process identifies all material risks based on the Company's risk register and where appropriate quantifies the risk and the level of capital deemed appropriate to hold against that risk.

The Pillar 1 calculation gives a capital requirement which is above the level calculated under Pillar 2 and above the minimum capital requirement for a BIPRU €125k firm, therefore the Pillar 1 requirement takes precedence.

5.0 Capital resources

As a new Wrap platform, the company is still in the development stage and will operate on its investment funding until it reaches break-even. It is an EIS qualifying company and has a number of investors, including the founding partner companies which have supported it.

The Company's primary financial resources comprise the issued share capital of the company and the share premium account less accumulated losses. The combined share capital and share premium accounts total £2,885,776 and the net position of these, less losses to date, as at 22nd June 2016 should provide sufficient capital to enable the company to continue its development for the current financial year.

The company is currently in the process of undertaking a private share issue that should provide sufficient funding for the business until it is expected to break-even.

The company does not have any loans, debentures, subordinated debt or other forms of loan capital or debt.

6.0 Capital adequacy

The Company operates an Internal Capital Adequacy Assessment Process as required under Pillar 2. That process formalises the Company's risk appetite and risk management framework and integrates it with the Company's financial processes. As a result potential risks are identified, reviewed and where necessary quantified. The ICAAP is reviewed and updated annually as part of the Company's risk management processes noted in section 3 unless there are circumstances that warrant a more immediate update.

As part of the Company's ongoing financial processes and controls, the level of capital resources are monitored and operational ratios and other data reviewed regularly. This occurs at least quarterly, in part as support for the Company's quarterly reporting to the FCA.

As noted above the Company has opted for the approach which allows a comparison between the Pillar 1 calculated capital requirement and the Pillar 2 ICAAP assessment of the capital requirement. At present, the Pillar 1 requirement is greater than the Pillar 2 requirement.

The 2016 capital adequacy requirement for the Company is £117,900. This requirement is exceeded by a cash reserve of £126,500 that has been "ring fenced" from operational cash by the company and is held in a separate deposit account.