JCAM Investments Limited

Registered No.: 07615976

Pillar 3 disclosure and policy – Year ended 31 December 2021

Risk management

The Firm has ceased to conduct investment business and has applied for cancellation of its permissions. The Firm has ample capital to continue to operate and intends to make certain unregulated investments going forward.

The Firm previously maintained a risk management process in order to ensure that it had effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process was overseen by the Chief Operating Officer, with the Senior Management team taking overall responsibility for this process and the fundamental risk appetite of the firm. The Chief Operating Officer has responsibility for the implementation and enforcement of the Firm's risk principles.

Senior Management meet on a regular basis and discuss projections for profitability, cash flow, regulatory capital management, business planning and risk management. Senior Management review the Firm's risks though a framework of policy and procedures having regard to the relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The Senior Management team has identified that business, operational, market and credit are the main areas of risk to which the Firm is exposed. Annually the Senior Management team formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness.

Management accounts demonstrate the continued adequacy of the firm's regulatory capital and are reviewed on a regular basis.

Appropriate action is taken where risks are identified which fall outside of the Firm's tolerance levels or where the need for remedial action is required in respect of identified weaknesses in the firm's mitigating controls.

Regulatory capital

The Firm is a Limited Liability Company, and its capital arrangements are established in its Articles. Its capital is summarised below.

The main features of the Firm's capital resources for regulatory purposes are as follows:

	31.12.2021 £000	31.12.2020 £000
Tier 1 capital*	5,316	5,595
Tier 2 capital		
Tier 3 capital		
Deductions from Tiers 1 and 2		
Total capital resources	**5,316**	**5,595**

*No hybrid tier one capital is held

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Our Firm is small, with a simple operational infrastructure. Its market risk is limited to foreign exchange risk on its accounts receivable in foreign currency and credit risk from management and performance fees receivable from the funds under its management. The Firm follows the standardised approach to market risk and the simplified standard approach to credit risk.

The Firm is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk capital charge, though it considers this as part of its process to identify the level of risk-based capital required.

As stated later in this document, the firm is a limited licence firm and as such its capital requirements are:

- €50,000; and
- the sum of the market and credit risk requirements; or
- the fixed overheads requirement (‘FOR’), which is essentially 25 per cent of the firm’s operating expenses less certain variable costs.

The FOR is calculated, in accordance with FCA rules, based on the firm’s previous years’ audited expenditure. The firm has adopted the simplified standardised approach to credit and market risk, and the above figures have been produced on that basis. The firm is not subject to an operational risk requirement. It is the Firm’s experience that the Fixed Overhead Requirement establishes its base capital requirements. However, having reviewed in detail the Firm’s position, additional capital has been set aside to cover the cost of closure should this ever occur. This reflects the fact that certain liabilities of the firm extend beyond a three-month period and might not easily be exited in such a short time.

At 31 December 2021 the total capital requirement was calculated as £440,000.

Capital requirement

The Firm’s Pillar 1 capital requirement has been determined by reference to the Firm’s Fixed Overheads Requirement (‘FOR’) and calculated in accordance with the FCA’s General Prudential Sourcebook (‘GENPRU’) at GENPRU 2.1.53. The requirement is based on the FOR since this exceeds the total of the credit and market risk capital requirements it faces and also exceeds its base capital requirement of €50,000.

The FOR is based on annual expenses net of variable costs, which include discretionary bonuses paid to staff. The Firm monitors its expenditure on a monthly basis and takes into account any material fluctuations in order to determine whether the FOR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year. This is monitored by the Chief Operating Officer and is reported to Senior Management as appropriate.

As noted, additional capital has been included in the requirement to cover the costs of closure in the event that the company ceased to conduct its business. The business has ceased to operate as an investment manager and manages no money. Ample capital exists to continue to maintain operations.

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UK Financial Reporting Council's Stewardship Code

FCA COBS Rule 2.2.3R requires FCA-authorised firms to disclose the nature of their commitment to the Financial Reporting Council's Stewardship Code (the 'Code'). Adherence to the Code is voluntary. The Firm pursues a strategy which involves a wide variety of investment products and timeframes. Only a small number of investments involve interaction with the management of listed firms.

Therefore, while the Firm supports the principles of the Code, it does not consider it appropriate to conform to the Code at this time. If the Firm's investment strategy changes in such a manner that the provisions of the Code become relevant, the Firm will amend this disclosure accordingly.

Remuneration code disclosure

The Firm is authorised and regulated by the Financial Services Authority as a limited licence firm, and so it is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Code located in the SYSC Sourcebook of the FCA's Handbook. The Remuneration Code (the 'RemCode') covers an individual's total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two.

The Firm's business was to provide investment management services funds managed by the Firm (the 'Fund(s)').

The company has no direct employees other than the Directors and no longer conducts investment business.

Proportionality

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA have sought to apply proportionality in the first instance by categorising firms into three levels. The Firm falls within the FCA's proportionality level three, and as such this disclosure is made in line with the requirements for a level three firm.

Application of the requirements

We are required to disclose certain information on at least an annual basis regarding our Remuneration policy and practices for those staff whose professional activities have a material impact on the risk profile of the firm. Our disclosure is made in accordance with our size, internal organisation and the nature, scope and complexity of our activities.

1. The Firm's policy has been agreed by Senior Management in line with the RemCode principles laid down by the FCA. The Firm's policy is reviewed as part of annual process and procedures or following a significant change to the business.
2. Due to the size, nature and complexity of the Firm, we are not required to appoint an independent remuneration committee.

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3. The Firm's ability to pay bonuses was based on the performance of the Firm overall and derived after its Fund's managed returns were calculated by client-appointed third party administrators.

4. Individuals were rewarded based on their contribution to the overall strategy of the business and based on their compliance with the firm's policies, procedures and operating practices, as well as on the relevant regulatory requirements in all jurisdictions in which the Firm operates. The structure of remuneration was intended to incentivise performance but also to promote effective risk management.

Disclosure of the aggregate remuneration for staff permits firms to take account of the provisions of the Date Protection Directive (Directive 95/46/EC) regarding the protection of individuals in relation to the processing of personal data. Due to the low number of staff assessed as Code Staff for the Firm and their remuneration arrangements, the Board have relied upon BIPRU 11.5.20R(2) and the General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679) and determined that aggregate quantitative disclosure for disclosure for Code Staff is not appropriate.