THOMAS GRANT & COMPANY LTD
40A FRIAR LANE LEICESTER LE1 5RA
DEALERS TEL: 0116 225 5500 FAX: 0116 225 8800
ADMIN TEL: 0116 225 5509 FAX: 0116 262 7931

Pillar 3 Disclosures as at 30th June 2016

Thomas Grant and Company Limited (TGCL) is incorporated in the United Kingdom and is authorised by the Financial Conduct Authority (FCA) as such TGCL has to comply with the EU Capital Requirements Directive under CRD IV. In the UK implementation of the EU CRD is managed by the FCA under IFPRU.

The rules in the FCA Prudential Sourcebook for Investment Firms ("IFPRU") set out the provision for Pillar 3 disclosure. The three pillars are detailed below:

Pillar 1 sets out the minimum capital resource requirement firms are required to maintain to meet credit, market and operational risks.

Pillar 2 requires firms to undertake an Internal Capital Adequacy Assessment Process (ICAAP) in order to establish whether its Pillar 1 capital is adequate to cover all the risks and liabilities faced by the firm. If Pillar 2 capital is not sufficient to cover the risks and liabilities then the firm must calculate and hold the additional capital required.

Pillar 3 requires firms to disclose specific information regarding their risk management policies and the firms' regulatory capital resources

The changes arising from the implementation of CRD IV have been considered by the firm in its latest ICAAP assessment, which shows that the firm remains comfortably in excess of its minimum capital requirements under CRD IV.
This document has been published by TGCL in order to satisfy the Pillar 3 disclosure rules under CRD IV and it provides information for market participants to assess key information about the Company's risk management objectives and controls, its remuneration policies and its capital position. Future disclosures will be issued on an annual basis.
The Pillar 3 disclosures have been reviewed and approved by the Company. The disclosures are not subject to audit except where they are equivalent to those prepared under accounting requirements for inclusion in the financial statements.

This report will be published on TGCL website (www.thomasgrant.co.uk) under Pillar 3 Disclosure.pdf.

TGCL was established in 1993 and is wholly owned by its working Managing Director. TGCL is authorised and regulated by the Financial Conduct Authority (FCA) and our FCA register number is 163296. TGCL are an IFPRU 730k Full scope firm (as defined by the FCA). TGCL predominantly provide execution only dealing to private clients, but also provides these services to corporations and pension funds. 80% of TGCL's client base may be categorised as "Retail Clients" for FCA purposes, with a small number of "Professional Investors" and "Eligible Counterparties". There is no current or foreseen material, practical or legal impediments to the prompt transfer of capital resources, or repayment of liabilities.

Risk Management

The Board of TGCL are ultimately responsible for the risk management regime, as well as ensuring that the governance and culture of the firm starts at the Board. TGCL have monthly management meetings to review all relevant reports and information which helps it to identify trends and issues that may need addressing. In addition to this, the Board reviews and determines the ICAAP and other significant regulatory reports. TGCL gives serious attention to risk control across the whole range of its activities. TGCL proactively manages the risks that arise from its operations and calculates the risks daily. Because of the nature of its operations and business scope, TGCL does not routinely expect to be materially exposed to Liquidity Risk, Securitisation Risk, Insurance Risk, Pension obligation Risk, Concentration Risk, Residual Risk or Interest Rate Risk. The Compliance Department also produces a periodic management information report containing key facts about the operation of TGCL. The Compliance Department also monitors reporting processes covering all regulated activities across the Company. TGCL aims to maintain enough capital to exceed minimum capital adequacy requirements, the business is managed with an approach that seeks to minimise or mitigate identified risks that it is exposed to. The business aims to utilise working capital to its maximum potential to grow the Company and meet its business targets always recognising the importance of the balance between regulatory capital and making sound business judgements.

Capital Adequacy and ICAAP

TGCL's overall approach to assessing the adequacy of its internal capital is documented in the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP process includes an assessment of all material risks faced by TGCL and the controls in place to identify, manage and mitigate these risks. The risks identified are stress-tested against various scenarios to determine the level of capital that needs to be held. Where risks can be mitigated by capital, the Company has adopted the new CRD IV reporting requirements for Pillar 1. If the Company considers that the Pillar 1 calculations do not adequately reflect the risk, additional capital would be added on in Pillar 2. Whilst the ICAAP is formally reviewed by the Board once a year, Management review risks and the required capital more frequently and will particularly do so when there is a planned change impacting risks and capital or when changes are expected in the business environment potentially impacting the ability to generate income.

Own Funds

The Company is an IFPRU 730k Full Scope and it holds Client Money. An IFPRU firm must maintain at all times capital resources equal to or in excess of the base requirement (€730,000). The Pillar 1 capital requirement for an IFPRU 730K Full Scope Firm is the higher of the Base capital resources requirement or the sum of the credit risk capital requirement plus the market risk capital requirement.

During the 12 month accounting period to 30th June 2016, the Company complied fully with all capital requirements and operated well within regulatory requirements. At the accounting reference date, the Company held the following capital position:

Paid up Capital Instruments	50,000.00	
Other Reserves	10,000.00	
Total retained earnings	2,473,940.00	
Core Tier 1 Capital	2,533,940.00	
Tier 2 Capital	-	
Own Funds	2,533,940.00	
GBP equivalent of €730k	604,254.61	Base Capital Resources Requirement
Credit & Counterparty Credit Risks	37,180.09	
Free Deliveries	-	
Market Risk	96,062.32	
Settlement Risk	3,005.14	
Operational Risk	85,768.55	
Total Risk	184,836.01	
Total Risk Exposure Amount	2,351,421.08	
Total Capital Ratio	107.592%	

There are three tests of capital adequacy, which relate to the total risk exposure amount figure.

Firms are required to have:

- Common Equity Tier 1 capital of 4.5% of Total Risk Exposure Amount
- Tier 1 capital of 6% of Total Risk Exposure Amount
- Total capital (Own Funds) of 8% of Total Risk Exposure Amount

TGCL are therefore comfortable that the Company is, and has been throughout the financial year, adequately capitalised for Pillar 1 purposes. The Board constantly monitors the performance of the Company and capital adequacy is assessed at the monthly meetings.

Credit & Counterparty Risk
Credit risk is defined as the risk that a client or market counterparty may fail to meet its financial obligation. Credit and Counterparty Risk are calculated and monitored daily. TGCL continually review its cash balances and the counterparties with whom it is placed in order to ensure diversification and sufficient capital strength of the UK depository bank. TGCL use the standardised method of calculating Credit risk, and report to the FCA under COREP reporting.

Market risks
Market risk can be broadly defined as the risk of losses in the balance sheet positions arising from downward movements in market prices. Market price risks arise from fluctuations in the value of financial instruments due to changes in market values other than those arising from interest rate or currency risk. Market Risks are also calculated and monitored daily.

Foreign exchange risk
TGCL does not have a material volume of foreign exchange related transaction activity and therefore are not materially exposed to this risk.

Operational Risk
Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. These risks arise from failures or weaknesses in the internal systems and controls including those which rely upon computer systems. TGCL maintains procedures and policies that are both compliant and also mitigate operational risk. These systems are monitored closely through its management control and reporting processes, and through its compliance function.

Legal Risk
This risk is the failure to comply with laws, regulations, rules and standard codes of conduct. TGCL relies on its employees to carefully consider the obligations it assumes and to comply with them and any relevant policies. The Company will retain legal counsel and external compliance consultants if necessary to provide advice where appropriate.

Business Risks
Business Risk is any risk to a firm arising from a change in its business and its remuneration policy.

- *Changes in Business* - Any deterioration in business or economic conditions could require a firm to increase capital or alternatively to contract its business at a time when market conditions are most unfavourable to raising capital. There is a risk of losing clients due to poor performance or poor communication. These events can be triggered by failure to change along with the market, the loss of key personnel, and poor training. It is TGCL's policy to retain key personnel and all of our staff have remained with us for a number of years.
- *Remuneration Policy* - Staff receive a fixed salary paid monthly. Small discretionary bonuses may be paid dependant on the overall profitability of the company. TGCL follows the FCA guidelines in regards to their Remuneration policy.