

Pillar 3 Disclosure Policy

1. Overview

1.1. Introduction

The European Union Capital Requirements Directive (“CRD”) came into effect on 1 January 2007. It introduced consistent capital adequacy standards and an associated supervisory framework in the EU based on the Basel II rules agreed by the G-10.

Implementation of the Directive in the UK was by way of rules introduced by the Financial Services Authority (“the FSA”). Among them are disclosure requirements applicable to investment firms under rules known as Pillar 3. These are designed to promote market discipline by providing market participants with key information on a firm’s risk management processes, risk exposures and capital. Pillar 3 also aims to complement the minimum capital requirements described under Pillar 1 of Basel II, as well as the supervisory review processes of Pillar 2.

A J Bell Securities Limited (“AJBSL” or “the Company”) adopted the Pillar 1 standardised approach to credit risk and operational risk from 1 January 2008; it also became subject to Pillars 2 and 3 from that date.

This policy statement details how AJBSL satisfies those FSA disclosure requirements applicable to the business under BIPRU Chapter 11 (Pillar 3) together with the Company’s approach to assessing the appropriateness of relevant disclosures and their verification.

1.2. Basis and Frequency of Disclosures

This disclosure document has been prepared by AJBSL in accordance with the requirements of Pillar 3 and is available on the Company’s website at <http://www.ajbellsecurities.co.uk/AboutUs>. The assessment will be informed by the Internal Capital Adequacy Assessment Process (“ICAAP”) which is kept under review and subject to formal revision annually. Future disclosures will be issued on an annual basis and published as soon as practicable after the publication of the Company’s Annual Report and Accounts.

1.3. Scope

AJBSL is a wholly owned subsidiary of A J Bell Holdings Limited (“AJBHL”) and is regulated by the FSA and classified as a Limited Licence firm subject to the CRD. A full list of the companies within the A J Bell group (“the Group”) is set out in the Annual Report and Accounts of A J Bell Holdings Limited (registration number 4503206).

1.4. Verification of Disclosure

The accuracy of AJBSL’s Pillar 3 disclosures are the responsibility of and have been reviewed by the Company’s Board. The disclosures are not subject to audit except where they are equivalent to those prepared under accounting requirements for inclusion in the financial statements.

2. Risk Management Objectives and Policies (BIPRU 11.5.1)

2.1. Risk Appetite

2.1.1. Objectives of risk appetite statement

AJBSL operates in accordance with the Company’s risk appetite, which is consistent with the Group’s risk appetite statement. The objective of the risk appetite statement is to ensure that the Group’s Executive Management Board (EMB”) and the Company’s Board and senior management are properly engaged in agreeing and monitoring the Company’s appetite for risk and setting acceptable boundaries for business activities and behaviours. The Company’s risk appetite statement provides a means of expressing senior management’s attitude to risk (a top-down process) which can then be communicated throughout the business as part of promoting a risk aware culture (a bottom-up process). This in turn forms the basis of a framework for risk decision making and for the allocation of risk management resources and capital allocation.

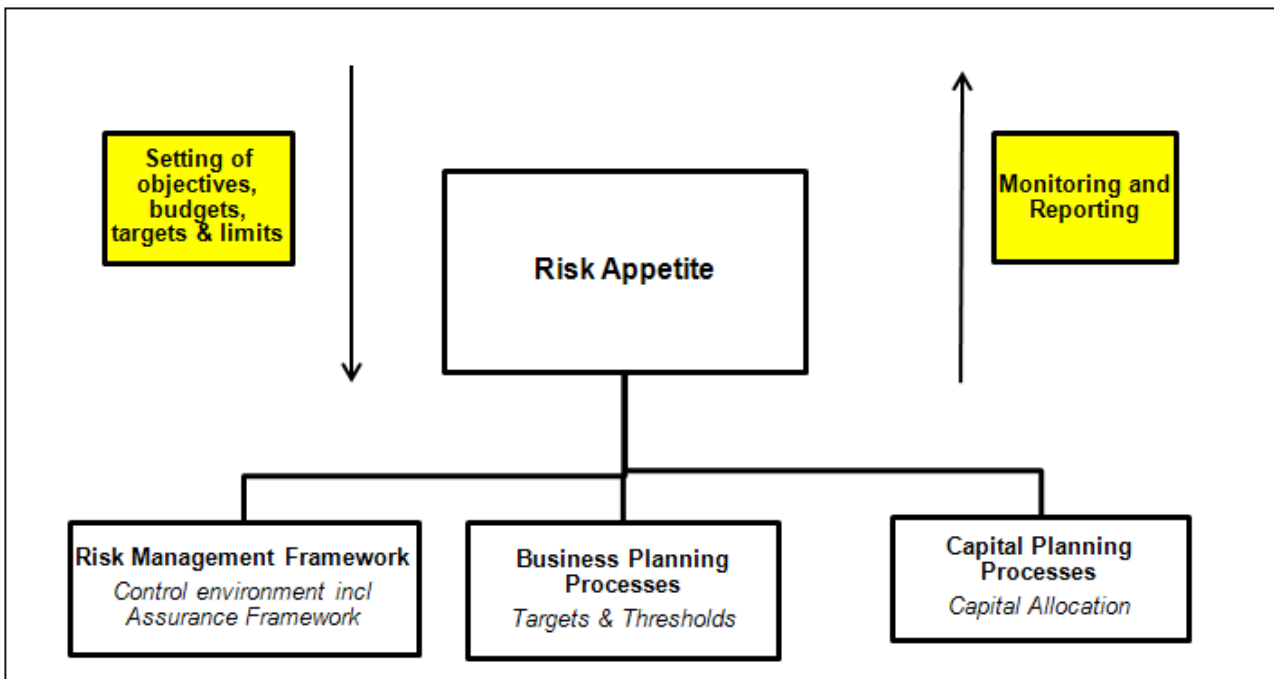
2.1.2. Definition of risk appetite

The Company defines risk appetite as representing the amount and type of risk it is prepared to accept, tolerate or be exposed to at any point in time in the context of its business model and in the course of achieving its business objectives.

Given the nature of its business model, the Company does not actively seek either credit or market risk as a means of increasing revenues or achieving its strategic objectives. The Company accepts operational risk as a consequence of its business model, objectives and strategy. Accordingly, risk tolerance thresholds are set for material and quantifiable operational losses which can be managed down but are difficult to cap, short of desisting in certain activities which may be core to achievement of the Company’s business objectives.

2.1.3. Overview of the Integration of risk appetite

Risk appetite is integrated into the business via the Group’s business planning, capital planning and the Risk Management Framework (“RMF”). These enable the EMB and the Board to set the overarching parameters within which it wishes the business to operate and to monitor performance thereon. The process streams are illustrated below:



2.1.4. Communication of risk appetite

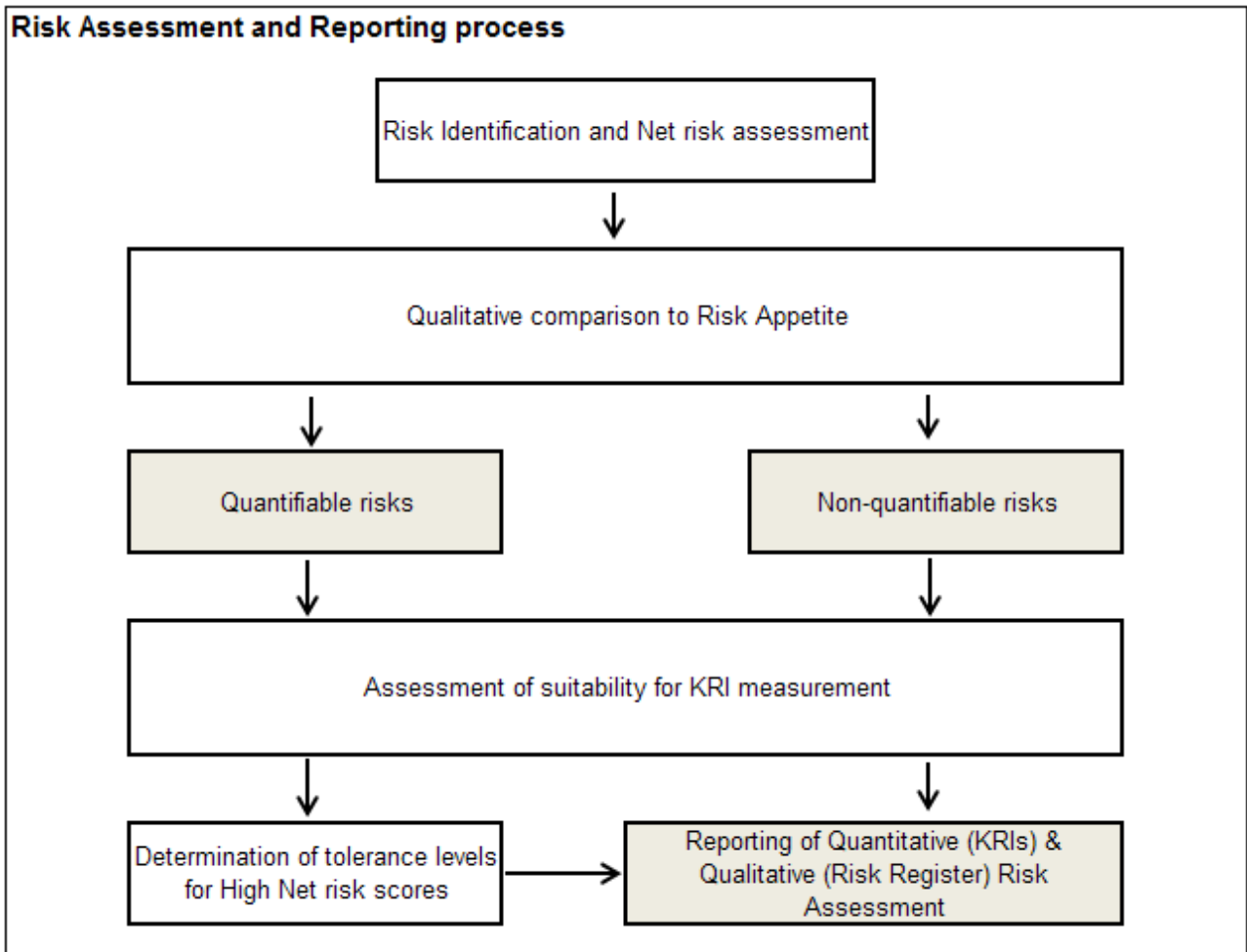
As part of the annual business planning process, the risk appetite statement is communicated by the EMB and Board to its senior management team and Risk Management Committees (“RMC”). The EMB acts as the Company’s Governing Body. Measurements of earnings, capital adequacy, reputation and regulatory compliance against plan targets are incorporated in the monthly management reporting packs which contain the appropriate KPIs/KRIs.

Individual authorisation and reporting limits, where relevant, are set within the context of the Company’s overall risk appetite and are defined according to the level of seniority within the organisation. Where relevant, these limits are documented and communicated to employees via the appropriate policies. Any types of losses for which the Company has a zero tolerance are reported directly to the Company’s Managing Director.

2.1.5. Top-down measurement and reporting of risk appetite

The Group and Company adopts both quantitative and qualitative approaches to measuring risks against its risk appetite incorporating both absolute and relative measurements of risks within the categories of earnings, capital adequacy, reputation and regulatory compliance.

This process is summarised below:



The qualitative comparison to risk appetite is facilitated by the alignment of the risk register scoring system to the risk appetite grid derived from the Group’s high level risk appetite statement. Risks with high impact (regardless of probability) are additionally monitored via a Gross Heat Map which demonstrates the relative control strength for all such risks.

Individual risks are then reviewed and scored within the risk register to complete the qualitative assessment against risk appetite (Net Risk Heat Map).

This qualitative comparison of both Gross and Net risks therefore provides both an “at a glance” view of risks collectively against risk appetite and a current individual risk comparison to risk appetite.

Where the Company has assessed that it faces a significant individual risk it seeks to set appropriate individual quantitative tolerance levels. In cases where such risks have crystallised materially in the past, the Group performs a review of the amount and distribution of past losses, or other techniques, and sets an appropriate tolerance level in the context of the overall risk appetite.

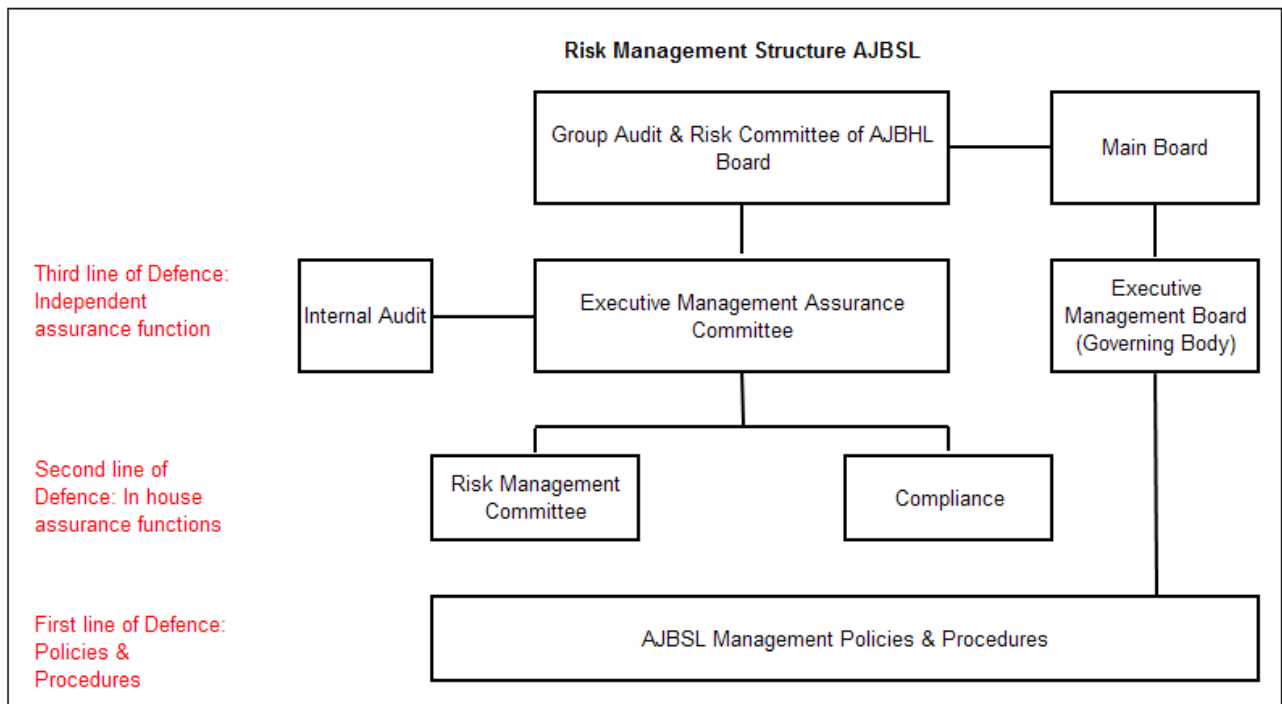
For quantifiable risks, the Company reports monthly KPIs/KRIs. Absolute measurements of performance are shown against a pre-defined target. For each KRI a tolerance threshold is set in addition to a budget or target measure. Relative measurements are based on trend information to provide early warning indicators that the Company’s risk appetite may be close to being breached for that measure.

In this manner the Company reports actual risks against trigger levels which are designed to alert senior management, EMB and Company’s Board that risk appetite or an individual tolerance level has been breached.

2.2. Risk Management Framework

2.2.1. Overview

The Company operates the following risk governance structure which incorporates the “three lines of defence” approach to managing risks within the business:



The first line of defence rests with senior management in each functional risk area who have primary responsibility for identifying, monitoring, managing and reporting risks. To facilitate this, the Company operates policies and procedures that are communicated as appropriate.

The second line of defence comprises the internal assurance functions of Compliance and Risk Management.

The third line of defence is the Internal Audit function which provides independent assurance on both individual areas of risk and the overall operation of the Company’s RMF. The Internal Audit function reports to the Group’s Executive Management Assurance Committee (“EMAC”) and in turn to the Group Audit & Risk Committee.

The Company has developed a Combined Assurance Model (“CAM”) that brings together the three lines of defence to provide management with a holistic view of the degree of assurance obtained

across all of the Group's business processes. The CAM enables management to focus additional resources on strengthening controls against individual business processes as necessary.

2.2.2. Board of AJBHL and Group Audit & Risk Committee

The Board of AJBHL is responsible for agreeing and overseeing the implementation of strategy and ultimately for oversight of the Group's RMF.

The Group Audit and Risk Committee ("A&RC") is responsible for keeping the effectiveness of the following functions under review across the Group:

- the internal controls and risk management systems;
- the compliance systems and controls, and
- the Internal Audit function.

The A&RC reviews the Group's Risk Management Policy on an ongoing basis and at least annually.

2.2.3. Group Executive Management Assurance Committee

The Group's Executive Management Assurance Committee ("EMAC") is the executive body with oversight of the Internal Audit, Risk Management and Compliance functions across the Group and assists the A&RC in the performance of its obligations in relation to the Group's assurance functions. The EMAC has oversight of the activities of these assurance functions and is responsible for agreeing the type, scope and objectives of the Internal Audit reviews across the Group.

The EMAC comprises inter alia the Group CEO, Group CFO, Group COO, Commercial Director, Compliance Director and Group Risk Director, together with the Company's Managing Director. The EMAC reports on the operation of the Group's RMF to the A&RC on a regular basis. The Group Risk Director is responsible for ensuring a consistent approach across the Group.

2.2.4. Executive Management Board

The EMB acts as the governing body of AJBSL and is responsible for the effective operation of the RMF within AJBSL and that the Company operates within the Group Operating Principles ("GOPs"). The EMB is responsible for managing business performance in line with the Group and Company's risk appetite.

The monthly EMB meeting performs a review of the relevant key risk indicators comparing actual performance against budget and tolerance. The EMB separately records, monitors and manages any risks which have become issues. Decisions are taken whether risks are above, below or in line with the Company's risk appetite. If it is established that any risk is above the Company's risk appetite then the EMB will either strengthen controls in the appropriate area or make a recommendation to the AJBHL Board for the Company's risk appetite to be amended, setting out the reasons for the change. If the AJBHL Board does not agree to the recommendations the EMB will take appropriate action to bring the risk within the Company's existing risk appetite.

2.2.5. Risk Management Committees

The RMCs are responsible for the oversight of risk across the Group and are chaired by the Group Risk Director. The members of the RMC comprise senior representatives from each key business area within the business. The RMCs reports their findings to the Group's EMAC and interfaces with the Group A&RC through this Committee.

The RMCs are responsible for the ongoing identification, monitoring, managing and reporting of the risks recorded in the Risk Registers, and the assessment of these risks, in comparison with the stated risk appetite. The material risks are identified, monitored and managed at the monthly RMC meetings.

2.2.6. Compliance Function

The Compliance department prepares an annual compliance plan in addition to performing routine compliance monitoring which is agreed with the Group's EMAC and A&RC in advance each year. This work plan includes an assessment of the systems and controls in order to ensure compliance with the FSA's SYSC rules where relevant. The Group maintains Compliance Manuals, a TCF policy, a Conflicts policy, covering the Company's business, and performs annual compliance risk assessments. The Compliance monitoring programmes is risk based, including the risks associated with greater volumes and new product roll outs and the level of compliance resource is kept under

review by the Group's EMAC. The Compliance team ensures that all relevant Group issues are adequately covered.

2.2.7. Internal Audit

The Internal Audit function for the Group is currently outsourced to an external firm of accountants. An Internal Audit Plan is agreed each year with the EMAC and approved by the A&RC. A separate terms of reference is agreed in advance by the EMAC for each internal audit.

2.2.8. Senior Management Policies and Procedures

With its risk appetite in mind, the Group has designed an appropriate control environment. This incorporates the necessary senior management arrangements, organisational structures, assurance framework, reporting and monitoring systems together with the necessary financial, operational, HR, IT/Projects and Commercial policies, procedures and systems. All operational controls policies are documented and communicated together with the overall Group Financial Controls Policy. Adherence to the GOPs is built into the role profiles of all employees and monitored through the performance review process.

The resulting framework is regularly reviewed to ensure it is appropriate in the context of the Company's business risks and the stated risk appetite.

2.3. Risk Exposures

2.3.1. Credit Risk

Credit risk is the risk that unexpected losses may arise as a result of the Company's clients, market counterparties or banks failing to meet their financial obligations. The Company accepts that in the event of a sudden market crash, clients may be slower to pay any outstanding monies. There may also be the possibility of default. The Company has considered the exceptional price falls brought about by the August 2007 – November 2009 liquidity crunch and subsequent economic downturn affecting the financial markets. The Company did not suffer any losses directly as a result of this period of market turbulence. The Company has adopted the standardised approach in its Pillar 1 calculation.

- *Institutional business*

The Company deals with an established well known client base. These firms are FSA regulated and credit limits are established and exposures are monitored on a daily basis. The clients transacting trades (predominantly on a DVP basis by value) are well known to the Company and are the result of trusted relationships formed over many years. In the highly unlikely event of a client failing to deliver cash for a buy trade or stock for a sell trade the Company would have to meet its obligations to the market at the risk of price differences between the contract price and the market price. Client turnover is very low and any new clients are subject to due diligence and money is required up front in such instances to cover any committed trades. All client debts are reviewed as part of the Company's senior management monitoring and reporting systems.

- *Group retail business*

The Company's retail business model only permits dealing by the underlying Group retail customers when the underlying customer account has cleared funds or verified stock positions. The Company has controls in place to review all withdrawal requests before money is paid to retail customers.

- *Market counterparties*

The Company deals with an established pool of pre-approved market makers in order to transact the business executed by its clients. The Company transacts on a DVP basis with the market through Crest. The Company monitors daily any unmatched and failed trades and follows up with market makers to ensure prompt settlement. The Company carries out annual reviews of its counterparty custodians and conducts regular review meetings.

- *Banks*

The Company deposits funds with UK licensed banks, some of which have significant government ownership. In such instances the degree of government ownership is routinely monitored and triggers are established to alert senior management to any significant changes which may impact on the perceived risk profile of such deposits. Appropriate due diligence is undertaken by the Company prior to depositing any funds with a new bank.

2.3.2. Market Risk

Market risk is the risk of any impact on the Company's future cash flows due to market movements caused by market variables such as interest rates, asset prices etc. The Company does not deal on its own account and so there is no Pillar 1 requirement for this risk.

2.3.3. Interest Rate Risk

Interest rate risk is the potential adverse impact on the Company's future cash flows from changes in interest rates. The Company derives no significant income stream from either interest earned on its own funds or on margin earned on client balances. In addition the Company does not deal on its own account. The Company currently has no external borrowings and as such is not exposed to interest rate or refinancing risk on borrowings.

Where the Company does not place funds on fixed deposit, then these balances earn interest at floating rates. In circumstances where the Company makes term deposits these vary in duration. Where the deposit terms carry fixed rates of return for fixed periods, in the event that these deposits need to be accessed prior to the expiry of their term (for instance due to the need for additional cash liquidity), then penalties may be imposed on the Company. These penalties are calculated by reference to the cost to the bank concerned of replacing those deposited funds with new monies. In this instance, the Company is exposed to an interest rate risk. However, before any fixed term deposits are made, the directors consider likely future liquidity requirements to ensure any pre-maturity draw-down is minimised.

2.3.4. Operational Risk

Operational Risk is the risk to the Company resulting from inadequate or failed internal processes or external events (e.g. regulation). It includes legal and fraud risks. The Company has calculated the Fixed Overhead Requirement under Pillar 1 which assesses the risk as being equivalent to one quarter of the Company's relevant annual expenditure. For Pillar 2 purposes, the Company's approach is to assess the actual level of operational risk not covered under Pillar 1 to determine whether any additional capital is required.

In general, the Company seeks to mitigate operational risk by implementing a strong control environment in accordance with its risk appetite.

The Pillar 1 operational risk for the Company is based on its business plan numbers for the following year. This will naturally increase over time as the Company continues to expand. The Company has considerable experience in managing operational risk in stockbroking.

2.3.5. Third Party and Outsourcing Relationships

The Company has an outsourcing relationship with various suppliers for the provision of critical hardware, software, custody and settlement services. Other relationships include the Company's banking relationships. The Company conducts annual review assessments of all its custodians. The Company carefully manages its major suppliers and assigns relationship and supplier managers for this purpose.

2.3.6. Reputational Risk

The Company's success depends on maintaining its reputation earned over many years. The Company therefore needs to balance its future development and growth with an ongoing commitment to provide a high quality and cost effective service. The Company considers that the control environment it has put in place mitigates its risk in this area.

2.3.7. Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The main source of liquidity risk the Company faces is the risk that a client/fund manager fails to meet its obligations on due settlement day. In such cases the Company may be required to fund the position on a temporary basis until settlement monies are received, typically by the following day. Any such positions are identified on the day of settlement and clients are chased up to close of play on settlement day and beyond if necessary. Senior management is informed of any amounts outstanding on the following day. The risk is also managed by holding cash rather than less realisable assets and by maintaining a stand-by bank overdraft facility. The Company has adopted a Liquidity Standards Policy which documents its approach to liquidity risk.

2.3.8. Insurance Risk

The Company does not undertake any insurance writing activities and has no plans to do so.

2.3.9. Concentration Risk

This is the risk arising from lack of diversification in the Company's business. Any significant exposures to market counterparties are monitored on a daily basis. Counterparty trading levels are reviewed as part of the Company's senior management monitoring and reporting systems. A significant portion of underlying customer assets is held with third party custodians and these holdings are monitored closely with regular meetings being held with the most significant custodians. The client pool is well diversified and the Company actively manages other diversification risk through the monitoring of its deposits placed with UK banks, taking into account all other relevant factors.

2.3.10. Securitisation Risk

The Company does not undertake any securitisation of assets and has no plans to do so.

2.3.11. Business Risk

Business risk is the exposure of the Company's business caused by uncertainty in the macroeconomic environment or arising from changes in the Company's business, including the risk that the firm may not be able to carry out its business plan and its desired strategy. Specifically the risk to the Company is that it suffers losses because its income falls or is volatile relative to its fixed cost base. Business risk is managed with a medium term focus incorporating the development of a business plan, a high degree of management oversight and an embedded corporate governance framework.

The Group's Business Plan does not entail any significant changes to the Company's core business of transacting trades on an execution only basis and holding assets on behalf of clients yielding an income stream. The Company believes it is well positioned in the market place to withstand any competitive pricing pressures which is likely to be the main source of potential income volatility, either through reduced client numbers or decreased trading activity. This has been considered further in the context of the sensitivities and scenarios outlined in the Company's ICAAP.

2.3.12. Pension Obligation Risk

The Company operates a defined contribution scheme rather than a defined benefit scheme.

In addition to the above risks the Company has considered that additional capital should be allocated to Key Person Risk, Operating Risk and Residual Risk. These risks are discussed further in section 4.

3. Scope of application (BIPRU 11.5.2)

The legal entity AJBSL is the subject of these disclosures under BIPRU 11. AJBSL submits reports for accounting and prudential purposes to the FSA on an unconsolidated basis.

4. Capital resources (BIPRU 11.5.3)

4.1. Introduction

4.1.1. AJBSL measures its capital resources on both a regulatory and an economic basis.

Regulatory capital covers all Pillar 1 risks (i.e. determines its minimum Capital Resource Requirement using a regulatory capital calculator which is compliant with the BIPRU rules). Economic capital includes all other material risks for the company which do not require the provision of regulatory capital (known as Pillar 2 risks), in addition to Pillar 1 risks. Regulatory and Economic capital requirements are reported in the monthly EMB Pack.

AJBSL has identified the material financial risks arising from its activities and has in place procedures to manage these items in accordance with its risk appetite. This process is described in the company's ICAAP, prepared in accordance with the requirements of the FSA. The ICAAP is performed annually or more frequently should the need arise and is presented to the Board for challenge and approval.

4.2. Total Capital

The Capital of AJBSL falls within the definition of Tier 1 capital in the FSA rules. This Tier 1 capital comprises issued share capital and share premium, the retained profit and loss account, and other audited reserves in place.

4.3. Capital Requirements

The ICAAP applies to AJBSL as a FSA limited licence firm subject to fixed overhead requirement ("FOR") as part of its Pillar 1 capital requirement.

The ICAAP takes the company's FSA defined "Pillar 1" capital requirement and adds to it for additional ("Pillar 2") elements, where these remain material after mitigation. The process then compares projected capital against the resulting total projected capital requirement to ensure a capital surplus is maintained which satisfies the Board's requirements. Projections include stress testing against market and commercial downturn scenarios. The company considers those risks where Pillar 2 capital allocations are required fall into the following areas:

4.3.1. Key Person Risk

Key Person Risk is the risk that a senior management team member may leave unexpectedly leaving the business with a vacancy that it is unable to cover. In such cases, a suitable person would need to be hired on a high cost, temporary basis pending a permanent replacement. The Group has taken a number of steps to strengthen both its senior and middle management teams in order to reduce reliance on key individuals. All Senior Management executives have competent deputies who would be capable of covering the positions on an interim basis. In addition, the Company has formalised its succession planning in accordance with Group policy. The Company has prudently allocated additional capital against this risk.

4.3.2. Operating Risk

Losses associated with processing and operating issues are kept under constant review at Board level. The Company calculates its tolerance levels for operating losses and, to the extent these levels exceed planned losses, a calculation is performed to determine an appropriate capital allocation. In addition, the Company has performed an exercise in assessing the costs and timescales associated with an orderly wind down of the business. An additional capital allocation has been made over and above the Pillar1 FOR.

4.3.3. Residual Risk

Residual risk means the risk that credit risk mitigation techniques used by the firm prove less effective than expected. The Company has no history of incurring bad debts. The Company considers that its controls in place are sufficient but has prudently allocated additional capital against this risk.

4.4. Summary Position

Throughout the year, AJBSL complied with the capital requirements that were in force as set out by the FSA. The following table shows the breakdown of the total available capital for the company as at 31 December 2011.

	31-Dec-11
Tier 1 Capital	£'000
Called up share capital	2,925
Share premium account	295
Audited profit and loss account	761
Externally verified interim net profits	0
Other reserves	10
Total Capital (all Tier 1)	3,990
Deductions from capital	(582)
Regulatory Capital after Deductions	3,408
Pillar 1 Minimum capital requirement	1,582
Total Capital excess	1,826
Regulatory capital % of minimum capital requirement	215%

5. Compliance with BIPRU 3, 4, 6, 7, 10 and overall Pillar 2 rule (BIPRU 11.5.4)

5.1. BIPRU 3 – Disclosure on standardised credit risk

The Company has adopted the Standardised Approach under BIPRU 3.4 applying an 8% factor to the risk weighting for each asset class as appropriate (BIPRU 3.4.127-129). Specific disclosures in relation to these have been considered immaterial under BIPRU 11.3.5 (exemption from disclosure: materiality) as the Company's capital requirement under GENPRU 2.1.45 (calculation of variable capital requirement) is the FOR rather than the sum of the Credit risk and Market risk capital requirements.

5.2. BIPRU 4 – Disclosure on Internal Ratings Based Approach

AJBSL has not adopted the Internal Ratings Based approach and therefore this disclosure is not applicable.

5.3. BIPRU 6 – Disclosure on Operational Risk Requirement

This disclosure is not applicable as the Company is a limited licence firm and therefore is not subject to the Operational Risk Requirement.

5.4. BIPRU 7 – Disclosure on Market Risk

This disclosure is not applicable as the Company does not operate a Trading Book.

5.5. BIPRU 10 – Disclosure on Concentration Risk Requirement

AJBSL has adopted the standardised approach and closely monitors all exposures to ensure that the regulatory required thresholds are not exceeded.

5.6. Disclosure on Overall Pillar 2 Rule

AJBSL has adhered to the overall Pillar 2 rule as per GENPRU 1.2.30 to ensure that it maintains sound, effective and complete processes, strategies and systems:

- (1) to assess and maintain on an ongoing basis the amounts, types and distribution of financial resources, capital resources and internal capital that it considers adequate to cover:
 - (a) the nature and level of the risks to which it is or might be exposed;
 - (b) the risk in the overall financial adequacy rule (the requirement for certain firms to have adequate financial resources); and
 - (c) the risk that the firm might not be able to meet its Capital Resource Requirements in the future; and
- (2) that enable it to identify and manage the major sources of risks referred to in (1), including the major sources of risk in each of the following categories where they are relevant to the firm given the nature and scale of its business:
 - a) credit risk;
 - b) market risk;
 - c) liquidity risk;
 - d) operational risk;
 - e) insurance risk;
 - f) concentration risk;
 - g) residual risk;
 - h) securitisation risk;
 - i) business risk;
 - j) interest rate risk
 - k) pension obligation risk ; and
 - l) group risk.

6. Compliance with BIPRU 11.5.5 – 11.5.17

6.1. BIPRU 11.5.5 – Disclosure on retail exposures

This disclosure is not required as the Company has not adopted the Internal Ratings Based (“IRB”) approach to credit risk.

6.2. BIPRU 11.5.6 – Disclosure on equity exposures

This disclosure is not required as the Company has not adopted the IRB approach to credit risk.

6.3. BIPRU 11.5.7 – Disclosure on counterparty risk

This disclosure is not required as the Company does not have a Trading Book.

6.4. BIPRU 11.5.8 – Disclosure on credit risk and dilution risk

The Company holds all cash with UK banks with high credit ratings. A financial asset is past due when a counterparty has failed to make a payment when contractually due. Impairment is defined as a reduction in the recoverable amount of a fixed asset. The risk of past due or impaired exposures is minimal.

6.5. BIPRU 11.5.9 – Disclosure on value added adjustments and provisions

This disclosure is not required as the Company does not make Value Adjustments and provisions for Impaired Exposures that need to be disclosed under BIPRU 11.5.8.

6.6. BIPRU 11.5.10 – Disclosure on calculating risk weighted exposure – standardised approach

The Company has adopted the Standardised Approach under BIPRU 3.4 applying an 8% factor to the risk weighting for each asset class as appropriate (BIPRU 3.4.127-129).

6.7. BIPRU 11.5.11 – Disclosure on calculating risk weighted exposure – IRB approach

This disclosure is not required as the Company has not adopted the IRB approach.

6.8. BIPRU 11.5.12 – Disclosure of Market risk – Trading Book

This disclosure is not required as the Company has no Trading Book.

6.9. BIPRU 11.5.13 – Disclosure on use of the VaR Model

This disclosure is not required because the Company does not use a VaR model for the calculation of the Market Risk Capital Requirement.

6.10. BIPRU 11.5.14 – Disclosure on Operational risk

The Company’s Pillar 1 capital resources requirement is equal to the higher of Euros 125k or Credit risk capital plus Market risk capital, or Fixed Overhead Requirement. The Company’s Fixed Overhead Requirement is disclosed as a proxy for the Pillar 1 Operational risk capital calculation.

6.11. BIPRU 11.5.15 – Disclosure on non-trading book exposures in equities

This disclosure is not required as the Company does not have non-trading book exposure to equities.

6.12. BIPRU 11.5.16 – Disclosure on exposures to interest rate risk in the non-trading book

The Company does not have significant exposure to interest rate fluctuations.

6.13. BIPRU 11.5.17 – Disclosure on securitisation

This disclosure is not required as the Company does not securitise its assets.

This page intentionally left blank

Regulatory

A J Bell includes A J Bell Holdings Limited and its wholly owned subsidiaries A J Bell Management Limited, A J Bell Limited and A J Bell Securities Limited.

A J Bell Management Limited is authorised and regulated by the Financial Services Authority. A J Bell Securities Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority.

Sippdeal, Sippdealxtra and Sippcentre are platforms provided by A J Bell Management Limited. A J Bell Platinum SIPP is provided by A J Bell Management Limited. A J Bell Platinum SSAS is provided by A J Bell Limited.

The companies listed in the adjacent table are all registered in England and Wales at Trafford House, Chester Road, Manchester M32 0RS.

Company	Company Number	VAT Number
A J Bell Holdings Limited	4503206	833 5478 13
A J Bell Management Limited	3948391	759 3531 03
A J Bell Limited	3091664	639 0316 44
A J Bell Securities Limited	2723420	918 4226 21