



Pillar 3 & Remuneration Disclosure

April 2021



This disclosure has been prepared by ICM Investment Management Limited ('ICMIM') in accordance with BIRBRU 11 and fulfils the firm's obligation to disclose key information on its capital, risk exposures, risk assessment process and its remuneration arrangements.

Background

ICMIM is authorised and regulated by the Financial Conduct Authority ('FCA') and is categorised as a Collective Portfolio Management Investment Firm ('CPMI') for regulatory purposes. ICMIM is subject to minimum regulatory capital requirements and is categorised as a CPMI that is an external Alternative Investment Fund Manager ('AIFM') by the FCA for capital purposes.

The Capital Requirements Directive ('CRD') and the Alternative Investment Fund Managers Directive ('AIFMD') establish a regulatory capital framework governing the amount and nature of capital investment firms must maintain. In the United Kingdom, the CRD and AIFMD have been implemented by the FCA in its regulations through the General Prudential Sourcebook ('GENPRU'), the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU') and the Investment Funds Sourcebook ('FUND').

The FCA framework for CRD consists of three Pillars:

- Pillar 1: sets out the minimum capital amount required to meet the firm's credit, market and operational risks.
- Pillar 2: requires a firm to assess whether its capital is adequate to meet its risks that are not covered by Pillar 1 above.
- Pillar 3: requires a public disclosure of qualitative and quantitative information about the underlying risk management controls and capital position of a firm.

AIFMD adds further capital requirements based on the Alternative Investment Fund ('AIF') assets under management ('AUM') and professional liability risks.

The firm is permitted to omit required disclosures if we believe that the information is immaterial such that its omission or misstatement would not be likely to change or influence the assessment or decision of a reader relying on that information for the purpose of making economic decisions.

In addition, the firm may omit required disclosures where we believe that the information is regarded as propriety or confidential. In our view, proprietary information is that which, if it were shared with the public, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

ICMIM has not omitted any disclosures on grounds that information is regarded as proprietary or confidential.

Frequency and location of disclosure

Pillar 3 disclosures will be issued on an annual basis and published as soon as practicable after the publication of the Annual Financial Statements, unless circumstances warrant update on a more frequent basis. The disclosures will be made available on the firm's website, www.icm.limited/icm-investment-management.

Capital Resources

As a CPMI firm, ICMIM's minimum capital requirement under Pillar 1 and BIPRU is therefore the greatest of:

- the base capital requirement of €50,000;
- the sum of its market and credit risk requirements; and
- its fixed overhead requirement.



In practice, the fixed overhead requirement is the greatest and therefore establishes the firm's minimum capital requirement under Pillar 1. However, ICMIM is also required to meet AIFMD capital requirements and disclosure obligations as applicable to an AIFM. As the fixed overhead requirement is greater than the AIFMD capital requirements, these are the capital requirements for which ICMIM must adhere to.

The basic requirement is that as an AIFM the firm must have an initial capital of at least the higher of:

- 1) Base Capital requirement of €125,000 + 0.02% of AIF AUM in excess of €250m (subject to a cap of €10m), or
- 2) Fixed Overheads requirement of 25% of annual operating expense; and
- 3) Professional Indemnity Insurance ('PII') requirement.

AIFMs must further either have professional indemnity insurance or have additional own funds appropriate to cover risks arising from professional negligence. ICMIM has opted to apply additional own funds to cover PII requirement, which is equal to 0.01% of the AIF AUM.

ICMIM has assessed its capital requirements as being **£1,069,103** (i.e. fixed overheads requirement plus professional liability requirement). As at 31 December 2020 the firm's has capital as follows:

Capital Item	£
Tier 1 capital less innovative tier 1 capital	2,042,231
Total of tier 2, innovative tier 1 and tier 3 capital	-
Deductions from tier 1 and tier 2 capital	(255,947)
Total capital resources, net of deductions	1,786,284

ICMIM assesses the adequacy of its capital through its Internal Capital Adequacy Assessment Process. As part of this process, the firm assesses all known risks including operational and business risks. Following this analysis, it is our opinion that no additional capital is currently required.

The firm does not hold any equities, other than those considered immaterial, and does not have a trading book nor undertake any form of securitisation.

The firm's capital resources requirement consists of its fixed overheads requirement plus professional liability requirement and not the total of the credit risk and market risk requirements. Therefore, disclosure to credit and market risk are considered to be immaterial.

Remuneration Disclosure

The following remuneration disclosure is prepared in accordance with AIFMD and the FCA requirements in relation to the AIFM Remuneration Code. ICMIM has chosen to dis-apply the 'pay-out process rules' on the basis of its small size, relatively straightforward internal organisation and the nature and complexity of the activities undertaken.

ICMIM's remuneration arrangements represent a combination of salary, bonuses and long-term incentive schemes that are designed to ensure the sustainability of ICMIM and to align the interest of ICMIM and its employees with the performance of the AIFs and the underlying investors into the AIFs.

In being a limited license firm, ICMIM is classified as a 'Prudential Level 3' firm. Such firms are considered to be the lowest category from a risk perspective and as such can dis-apply a number of the FCA's remuneration code



requirements. Prior to doing so, a firm must consider their individual circumstances and be satisfied that risks related to remuneration must not be unduly increased.

ICMIM believes that its systems and controls and processes relating to remuneration do not pose a risk to either it, the industry or the FCA's objectives. In line with FCA guidance, and following ICMIM's own assessment, the firm has opted to dis-apply rules under the remunerations principles proportionality rule relating to deferral, payment in shares or other instruments and ratio between fixed and variable remuneration.

The Directors of ICMIM are solely responsible for determining the firm's remuneration policy. Due to the nature and size of the firm, there is no remuneration committee outside the Directors who determine the remuneration levels for various categories of employees within the firm.

Disclaimer

The information contained in this document has not been audited by ICMIM's external auditors, as this is not a requirement, and does not constitute any form of financial statement and must not be relied upon in making any judgement on ICMIM.