KILLIK INTELLIGENT SAVINGS LIMITED

PILLAR 3 DISCLOSURES MARCH 2018

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Pillar 3 Disclosures for Killik Intelligent Savings as at March 2018

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1. Introduction

Killik Intelligent Savings Limited is classified as a Limited Licence €125k firm and, as such, is required to comply with the three "Pillars" of the Capital Requirements Directive. These are:

- Pillar 1, which sets out the minimum amount of capital that we need to meet our basic regulatory obligations;
- Pillar 2, which requires us to calculate how much (if any) additional capital we need to maintain to mitigate other prudential risks (e.g. credit risk, market risk and operational risk) that are specific to this firm;
- Pillar 3, which requires us to disclose to market participants key information about our underlying risks, risk management controls and capital position.

The purpose of this document is to meet our obligation in respect of Pillar 3. This is Killik Intelligent Savings' first Pillar 3 disclosure. The disclosures are provided on the corporate website of the company's parent undertaking www.killik.com.

2. Background

Killik Intelligent Savings Limited ('KIS') is a limited company. The principal activity of the company is the provision of financial services through the innovative deployment of software solutions. KIS is authorised and regulated by the FCA and the date from which it was regulated was 17 June 2016. KIS has not yet commenced trading and the only client assets held are for test purposes.

3. Risk Management Policies and Objectives

The risk management policies and objectives of Killik Intelligent Savings Ltd will be managed by the KIS Board along with some oversight by its parent undertaking, Killik & Co LLP. The KIS Board takes ultimate responsibility for the risks undertaken by the business and risk management objectives and policies are a key driver within the overall business strategy. These policies will:

- Identify the risks to which the capital of the business is exposed.
- Articulate the acceptable levels of exposure to specific risk types and counterparties, as well as appropriate risk mitigation tools to utilise, such as insurance cover.
- be appropriate to the size, nature and complexity of transactions entered into by Killik Intelligent Savings and its counterparties and reflect the quality and sophistication of the Firm's monitoring capabilities, systems and processes.

The Killik & Co Executive Board delegates authority to a specific executive committee (the Killik & Co Risks Committee) which reports on a formal basis to both the KIS Board and the Killik & Co LLP Executive Board. In addition to the policies outlined above, this requires the Risks Committee to:

- Define the total financial capital the Firm is prepared to place at risk of loss (capital at risk) as distinct from a regulatory authority's imposed minimum capital requirements.
- Approve risk limits.
- Ensure that the policies and procedures for conducting business are adequate and up to date.
- Ensure appropriate internal controls are in place.

Risk management policies will be reviewed and approved on a regular basis by the Risks Committee, which must in turn, submit these to the KIS Board for ratification. In doing so, it must take into consideration:

- The company's overall business strategy.
- Appropriateness as to the size, nature and complexity of transactions entered into by the company.
- Quality of internal procedures.
- Sophistication of the company's monitoring capabilities, systems and processes.
- Past experiences and performance.
- Regulatory constraints.

Internal Capital Adequacy Assessment Process ('ICAAP')
Killik Intelligent Savings Limited has a requirement to carry out internal capital adequacy assessments. KIS has monitored its capital resource availability with comprehensive analysis of its capital requirements and risk exposures. This will be documented within the company's ICAAP once the software solutions are complete and trading can commence.

4. Significant Risks and Mitigants

Financial risks and uncertainties
As yet, KIS is not trading and not subject to any significant risk or uncertainty which could impact the company's long-term performance. However, the company has identified potential risks and it is ensuring that there are adequate controls in place that mitigate those risks. Killik & Co's Risks Committee meets fortnightly and will closely monitor any financial exposures or other risks of KIS to report to the KIS Board.

Disclosure on potential risks
KIS has determined the major sources of risk that it faces. These are summarised below along with the mitigants we have in place to manage them.

Risk	**Risk Description and Mitigants**
Operational Risk	This is the risk that client money and assets are not properly segregated or reconciled leading to risk of client detriment should the firm fail. As yet, the only client cash held is for test purposes and KIS is not actively trading. Any risk will be mitigated by processes which ensure that all clients can only make payments into segregated Client Money accounts which are reconciled daily. Also all other client assets will be held in our Nominee Account which is also segregated and will be reconciled frequently.
Liquidity Risk	The risk of loss from lack of sufficient funds to fulfil financial commitments as they fall due. Its parent undertaking, Killik & Co LLP will ensure that KIS has the funds it needs to operate.
Regulatory Risk	The risk of non compliance with regulatory or statutory requirements. This will be mitigated through continuous emphasis on compliance with all relevant regulation and statutes. A strong compliance culture exists throughout the group and all staff are required to undertake regular compliance training. The parent undertaking's Risk Committee meets fortnightly. In additional the firm holds Professional Indemnity Insurance.

5. Capital Resources
Capital is held to ensure that a suitable operating margin is maintained in excess of the higher of Pillar 1 and Pillar 2 capital requirements. Pillar 2 capital requirements are determined using a risk-based approach that explicitly takes into account management's view of specific risk exposures.

Pillar 1 capital requirements are the greater of:
- Base capital requirements of €125,000; or
- The sum of market and credit risk requirements; or
- The Fixed Overhead Requirement

We have determined that, as at 31 March 2018, the Base Capital Requirement established our Pillar 1 capital requirements.

The company's tier 1 capital resources comprises capital contributions from its parent undertaking, Killik & Co LLP. The capital position of the company as at 31 March 2018 is set out below:

	£'000
Total Tier 1 Capital after deduction	**299**
Total Regulatory Capital	**299**
Pillar 1 Minimum Capital Requirement	110
Total Capital Requirement	**110**
Surplus	**189**
Regulatory Capital Ratio	**272%**

6. Business Strategy Integration:
The capital management policy of the company is determined by its parent undertaking, Killik & Co LLP and contained in the Members' Deed, which is effectively the constitution of the LLP. This governs how capital is effectively assessed and maintained. The members' deed gives an annual requirement to assess and plan our capital requirements. All subsequent strategy diversions must answer the question of how this affects our capital requirements and this is embedded into the culture of the firm.

7. Remuneration Code
KIS does not employ any staff. The three directors of KIS do not receive any remuneration in respect of their services to the company.