



# **BOARD RESOLUTION**

**Pillar 3 Disclosure**

**30<sup>th</sup> April 2014**



DELTA FINANCIAL MARKETS (The “Company”)  
(Registered number: 07280005)

## **BOARD RESOLUTION**

### PILLAR 3 DISCLOSURE

30<sup>th</sup> April 2014

We the undersigned, being the Directors of the Company, unanimously RESOLVE:

To make public the following information on the Company’s capital, risk exposures and risk assessment processes in accordance with the FCA’s Prudential sourcebook for Banks, Building Societies and Investment Firms, Chapter 11 (Pillar 3):

**DELTA FINANCIAL MARKETS LIMITED** (the “Company”) was incorporated with limited liability in England and Wales on 10<sup>TH</sup> June 2010 and is authorised and regulated by the Financial Conduct Authority (the “FCA”) number 534027 to act as a market maker in foreign currency rolling spot contracts, financial contracts for differences, spread betting products as well as to offer related services. The Company is categorised as a full scope €730,000 firm by the FCA for capital purposes. Pillar 3 disclosures fulfil the Company’s obligation to disclose to market participants key pieces of information on a firm’s capital, risk exposures and risk assessment processes.

#### **I. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Directors of the Company determine its business strategy and the risk appetite. They have designed and implemented a risk management framework that recognises the risks that the business faces. The Directors of the

Company also determine how those risks may be mitigated and assess on an ongoing basis the controls and procedures necessary to manage those risks. The Directors of the Company and Compliance Officer meet on a regular basis and discuss projections for profitability, liquidity, regulatory capital, business planning and risk management.

As a market maker, the Company considers the following as key risks to its business:

**Business risk** – This risk represents a fall in client activity and client number, the loss of key staff or a lack of client and investor diversification which may reduce the dealing spread income earned by the Firm and hinder its ability to finance its operations and reimburse its expenses. Business risks are assessed and mitigated as part of the Internal Capital Adequacy Assessment Process (“ICAAP”).

**Operational risk** – This risk covers a range of operational exposures from risk of trading errors to risk of valuation



errors on the dealing platform. Legal and reputational risks are also included within the category of operational risk. Operational risks and mitigants are assessed as part of the ICAAP.

Credit risk – This risk relates to the counterparty exposure relating to the Company's bank balances and any other debtors, including non-banks for hedging and trading exposures. This is monitored by the Board of Directors and reported monthly.

## II. CAPITAL RESOURCES

The capital resources of the business comprise of Tier 1, Tier 2 and Tier 3 capital with no deductions.

As a full scope licence firm the capital resources requirement is calculated as the total of Pillar 1 and Pillar 2 capital.

Pillar 1 capital is the greatest of:

1. a base capital requirement of Euro 730,000; and
2. the sum of operational, market and credit risk requirements

Pillar 2 capital is calculated by the Company as representing any additional capital to be maintained against any risks not adequately covered under the requirement in Pillar 1 as part of its ICAAP. The Company reviews its market and credit risk monthly.

The Company applies a standardised approach to credit risk, applying 8% to the Company risk weighted exposure. Having performed the ICAAP it is the Company's opinion that no additional capital is required in excess of its Pillar 1 capital requirement.

As at 31/12/2013 the Company's regulatory capital position is:

Capital item	£'000
Tier I capital: Company Capital and Audited Reserves as at 31/12/13	940
Total Capital Resources Requirement for 2013	610
Variable Capital Requirement	260
Surplus	330

## III. MANAGEMENT OF THE ICAAP

The approach of the Company to assessing the adequacy of its internal capital to support current and future activities is contained in the ICAAP. This process includes an assessment of the specific risks to the Company and the internal controls in place to mitigate those risks. Finally, an assessment is made of the probability of occurrence and the potential impact, in order to arrive at a level of required capital, as relevant. The Company's ICAAP is formally reviewed by the Directors of the Company approximately every 6 months, but will be revised should there be any material changes to the Company's business or risk profile.

Trevor Clein

Director



**Delta Financial Markets Limited** is a company registered in England and Wales  
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