



PILLAR 3 DISCLOSURE STATEMENT

VANTAGE GLOBAL PRIME LLP
7 Bell Yard, London, WC2A 2JR
Authorised and regulated by the Financial Conduct
Authority.
FRN: 590299.
Tel: +44 (0)20 7043 5050 | www.vantagemarkets.co.uk



Introduction

The European Union's Capital Requirements Directive ("CRD") which came into effect on 1st January 2007 introduced a revised regulatory capital framework governing the amount and type of capital that must be maintained by financial institutions. In the UK the directive has been implemented by the Financial Conduct Authority ("FCA") through the BIPRU sourcebook.

Vantage Global Prime LLP ("Vantage" or "Vantage Markets") is required by the FCA to disclose information relating to the capital it holds and each material category of risk it faces in order to assist users of its accounts and to encourage market discipline.

These disclosures aim to provide information on the risk exposures faced by Vantage Global Prime LLP and the risk assessment process it has put in place to monitor such risks. Known as "Pillar 3" disclosures, they are required to be made under Chapter 11 of the FCA's Prudential Sourcebook for Banks, Building Societies, and Investment Firms ("BIPRU") and are seen as complimentary to Vantage Global Prime LLP's minimum capital requirement calculation ("Pillar 1") and the internal review of its capital adequacy ("Pillar 2").

Vantage Global Prime LLP does not have any subsidiary investments and so this Pillar 3 Risk Disclosure Statement is in respect of Vantage Global Prime LLP only.

Exemptions

Vantage Global Prime LLP is permitted to omit required disclosures, if Vantage Global Prime LLP believes that the information is immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information.

In addition, Vantage Global Prime LLP may omit required disclosures where it believes that the information is regarded as proprietary or confidential. Proprietary information is that which, if it were shared, would undermine Vantage Global Prime LLP competitive position. Information is considered to be confidential where there are obligations binding Vantage Global Prime LLP to confidentiality with its customers, suppliers and counterparties.

Vantage Global Prime LLP made no omissions on the grounds that it is immaterial, proprietary, or confidential.

Scope and Application of the Requirements

Vantage Global Prime LLP is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The Firm is categorised as a BIPRU 125k and Limited Licence firm by the FCA.

Vantage Global Prime LLP provides execution-only services for a range of investment types to retail and professional clients. The trades are entered by the clients online on the platform and matched entirely on an STP basis directly to white-label service provider, consistent with Vantage Global Prime LLP's obligations as a Matched Principal broker. All completed transactions are systematically matched to the order entering client's client account. No orders are executed if the client does not have sufficient collateral within their client account. Vantage Global Prime LLP never enter transactions which will not be netted off contemporaneously to the client.

Risk Management

Vantage Global Prime LLP is governed by its partners who determine its business strategy and risk appetite. Partners are responsible for Vantage Global Prime LLP's overall governance arrangements along with designing a risk management framework that encompasses the risks that the business faces. Risk management framework implemented by the management recognises all key risk factors faces by Vantage Global Prime LLP which is reviewed by the Board. The Board ascertain how the risks Vantage Global Prime LLP faces may be mitigated and assessed on an on-going basis the arrangements to manage and mitigate those risks.



On a daily basis, the risk management process is overseen by the Compliance Officer whose role is to oversee compliance arrangements, to advise and assist personnel as required, and to ensure, by a process of formal and informal monitoring, adherence to the FCA Rules and internal procedures. Compliance Officer coordinates with the Board who take overall responsibility for this process.

The Board also carries out annual review of risk management process covering controls and risk mitigation arrangements and assess their effectiveness. Partners' considers financial impact of these risks as part of the business planning and capital management process and conclude whether the amount of regulatory capital is adequate. This assessment process is documented in the Firm's Internal Capital Adequacy Assessment Process ("ICAAP"), and the conclusion of the ICAAP is that the Firm's Pillar 1 capital as of 31st December 2012 of £135,000 was in excess of the capital resource requirement.

Specific risks applicable to the Firm come under the headings of credit, market, and other risks which the Firm faces.

Market Risk

Vantage Global Prime LLP's business arrangements have been made to ensure that no market risk is taken. All trades are fully matched, failing which orders are rejected. Vantage Global Prime LLP has an exclusion clause in client facing documentation stating that if a systemic/platform problem occurs, Vantage Global Prime LLP retains the ability to cancel trades. If liquidity provider is responsible for an IT related fault, Vantage Global Prime LLP will seek comfort in connection with any associated loss in the documentation suite executed with liquidity provider.

Credit Risk

Credit risk is the risk of loss caused by the failure of counterparty to perform its contractual obligations.

Primary credit risk on posted cash collaterals and trade exposures remains to liquidity provider and any third-party service provider/securities custodian or account bank, holding Vantage Global Prime LLP assets as a result of the trade execution process with Liquidity Provider. All account banks are international banking groups with London branches. Capital is allocated for Credit and Counterparty risk on a prudent basis.

Vantage Global Prime LLP's end client credit risk is mitigated by the use of: (i) conservative triggers for the sending of client margin call requests; and (ii) the client contract which permit positions to be closed out if a margin call is not honoured, or earlier if the client position continues to deteriorate prior to receipt of requested additional funds from the client.

Exposure to liquidity provider default

Net cash owed to Vantage Global Prime LLP will, in case of liquidity provider default, be taken up with the relevant liquidator. Where applicable, (Client) securities are held in segregated accounts (not co-mingled with liquidity provider's own assets). Vantage Global Prime LLP has in place appropriate client money trust letters from banks and liquidity providers.

Counterparty Risk

Counterparty Risk is minimised as orders are given up and spot trades cleared the same day. Therefore, a prudent approach to Counterparty Risk is taken by estimating maximum exposure to be a one trading day's net exposure and capital is allocated accordingly in line with BIPRU rules.

The Board of the Firm considers the credit risk to be low.

Reputational Risk

The biggest threat to reputation is seen to be a failure to comply with regulatory or legal obligations. Failure to deliver minimum standards of service and product quality to customers follows closely behind. Reputation is ultimately about how business is perceived by stakeholders including customers, investors, regulators, the media and the wider public.



When assessing reputational risk an execution only broker should consider issues such as how poor performance can affect its ability to generate profits or exposure of unethical practices. The effect on its financial position should one or more of its key members of staff leave the firm or the effect on its financial position should it lose some of its largest customers. Firms are exposed due to failure to deliver minimum standards of service and product quality to customers.

Reputational risk is address by ensuring the clients understand the methodology of our process and having a clear long-term plan. External perception of the firm is regularly measured (among customers, media, pressure groups, etc.) and management is trained to identify and manage reputational risks.

Reputational risk can also be affected by Business Risk which is the exposure of the firm's business caused by uncertainty in the macroeconomic environment, with specific consideration of earnings volatility and cost overruns in severely adverse conditions.

Liquidity Risk

Liquidity risk is the risk of not being able to meet financial obligations as they fall due. Vantage Global Prime LLP believes this is highly unlikely as funds not held by the firm and are invested in liquid assets and use of established and regulated liquidity providers. Cash position is monitored by partners on a regular basis.

As a result of the simple business model, the firm takes very little risk from a capital adequacy perspective, and do not hold any exposure to the underlying market in any way. Before placing any order as Principal, Vantage Global Prime LLP ensure that it is matched by a similar client order and clients are required to have money on account, meaning that the firm hold no risk of non-payment. Margin calls are made as and when required and there is a defined policy as to close out trades when margin requirements are not met by the client.

Liquidity Risk could however arise where the income and revenue streams are either lost completely or are severely reduced. Revenue could be reduced or stopped for a number of reasons. These include, but are not limited to, a marked turndown in the market for a prolonged period or a continued period of recession.

Vantage Global Prime LLP partners have mitigated this risk by investing which is in excess of capital requirement and running the firm with a low expense base.

Interest Rate Risk

Interest rate risks may arise from a number of sources including risk related to the mismatch of re-pricing of assets and liabilities and long-term positions. Risks may also arise from hedging exposure to one interest rate with exposure to a rate which re-prices under slightly different conditions. Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair value of financial instruments. As a matched principal broker, Vantage Global Prime LLP is not exposed to interest rate risk in real term as it is not carrying open position in trading books.

Operational Risk

Operational Risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external parties. Specifically, this includes employees (e.g., fraud or keyman dependencies), third party intermediaries, information technology (systems), and processes including failure to meet regulatory/legislative requirements or internal procedures.

Vantage Global Prime LLP partners will continuously monitor this risk and are of the view that by placing adequate systems and controls and continuous monitoring adequate covers operational risk.

Business Continuity Risk

The firm has a business continuity plan that will be tested annually. Board is satisfied that the plan



will allow the firm to continue to function under a wide range of disaster scenarios. The business model can continue to operate from any location provided that there is secure internet access.

Legal, Compliance and AML Risk

As a regulated investment firm, Vantage Global Prime LLP is required to comply with different legislation, non-compliance of which may expose to the firm in the form of fine, penalties or litigation. Management is fully aware of such risk and have set out documented controls and procedures in the form Compliance Monitoring Programme, AML training and appointment of external compliance consultants to perform compliance reviews. In the view of management such procedures are adequate and accordingly no capital has been set aside for this risk component. However, as the business grows management will continuously review this risk to assess need of additional capital.

Capital Adequacy

As a BIPRU €125,000 Firm, Vantage Global Prime LLP has calculated its capital resources in accordance with GENPRU 2.2. The Firm's Pillar 1 capital resource requirements are the higher of the base capital requirements and the variable capital resource requirements.



Pillar 1 - Capital Requirement

As of 31 December 2012, the Firm's Pillar 1 capital requirement was £0.106m. This has been determined by reference to the Firm's Base Capital Requirement ("BCR") and calculated in accordance with the FCA's General Prudential Sourcebook ("GENPRU") at GENPRU 2.1.48. The requirement is based on the Base Capital since at all times this exceeds the total of the credit and market risk capital requirements it faces and also exceeds its fixed overhead requirement.

Solvency Ratio	Total Amount £000s
Members' Capital	135
Profit and Loss	
Regulatory Capital Position	135
Regulatory Capital Requirement	106
Regulatory Capital Surplus	29
Solvency Ratio	127.36

Pillar 2 - Capital Requirement

Pillar 2 requires each firm and supervisors to review whether additional capital should be held against risks not covered in Pillar 1 which the firm face or likely to face and to instigate additional controls to mitigate such risks or a combination of these two approaches. Pillar 2 requires a firm to assess its exposure to risks and the processes it uses for identifying, measuring, and controlling risks to ensure on-going compliance with standards laid down in the CRD.

Even where risks are considered material, this may not result in Vantage Global Prime LLP holding additional capital as mitigation to each risk as it may be appropriate to mitigate each risk using another mechanism, for example a control or management action. It is acknowledged that some risks cannot be mitigated by merely holding additional capital and management consider other approaches to mitigating those risks.

Partners have assessed each risk as mentioned in section 4 above and concluded that the main driver of Pillar II capital is wind up costs. The wind-up cost figure has been estimated from both internal and external loss events. As the partners are experienced and have taken a conservative approach towards overheads during the initial years of operations the overall fixed overhead requirement is assessed as low. Partners will not make any drawing or take dividends unless the firm meets its financial goals. In extreme scenario where the firm is unable to achieve its financial targets and partners decided to wind up the business it is estimated that a period of three months would be required. Accordingly, the firm is required to keep financial resources to meet the wind-up expenses. As the cost to wind up the firm is less than the base capital requirement the partners are comfortable that in case of such an eventuality the firm would be able to wind up the operations without causing a detriment to the clients or other stakeholders.

Publication

The Pillar 3 disclosure is published on the firm's website.

- Frequency of Disclosure

The Firm will report their Pillar 3 disclosure annually or upon material change. These disclosures are based on the company's position as of the 31st of December 2012. The Pillar 2 (ICAAP) capital requirements are excluded from this summary but are reviewed annually or upon material change.

- Location and Verification

These disclosures have been validated by the board. These disclosures are not subject to an audit except to the extent where they are equivalent to disclosures made under accounting requirements.