Gullwing Capital Advisers Limited

Disclosure under Pillar 3 of Capital Requirements Directive

Date: Based on Financial data as at 31/12/2021

Gullwing Capital Advisers Ltd ("the Firm") is authorised and regulated by the Financial Conduct Authority and is categorised as a BIPRU €50,000 Firm for regulatory purposes. This statement has been prepared by the firm in accordance with BIPRU 11 and summarises the material disclosures the firm is required to make under Pillar 3 of the Capital Requirements Directive.

The Investment Firms Prudential Regime (IFPR) was implemented as of 1 January 2022. Going forward the Firm will prepare relevant disclosures under IFPR.

Frequency

Pillar 3 disclosures will be issued on an annual basis after the firm's audited accounts have been prepared. The disclosures are made at the firm's accounting reference date which is 31st December.

Materiality

The firm regards the information in these disclosures as material if its omission or misstatement could change or influence the assessment or decision of a user relying on this information to make an economic decision. If the firm deems a certain disclosure to be immaterial, it may be omitted from this statement.

Risk Management

While the Board of Directors is ultimately responsible and accountable for the risk management at the Firm, the firm operates the following lines of defence;

- First line of defence: Line management are responsible for identification, measurements and management of risks within the firm, ensuring appropriate controls are in place and operating effectively.
- Second Line of Defence: The Firm's risk and compliance function provides risk management expertise and challenges the employees in their performance of risk management activities Through independent reviews, monitoring and testing.
- Third line of defence: The Board oversee and review the effectiveness of the risk management structure and framework and ensure results are in line with the Firm's risk appetite.

Quarterly management accounts are used to monitor and project its capital resources and a compliance manual, a compliance monitoring programme and an Internal Capital Adequacy Assessment Process ("ICAAP") have been adopted to facilitate risk management in the firm.

Given the nature and activities of the firm, its risk appetite is low. It does not securitize assets or deal as principal and therefore does not have a trading book. The key risks are as follows:

Market risk

The firm has no exposure to foreign currency or to other financial markets and therefore is not subject to market risk.

Interest rate risk

The firm is not exposed to interest rate risk as it does not rely on borrowings to meet operating expenditure and does not make loans to clients.

Credit risk

The main credit risk of the firm is a client (fund advised) defaulting debtor, although the firm does not extend credit to its clients. The key credit exposures that the firm has are fees payable to the firm by its client and the risk of default by the firm's own bankers. The directors note that the likelihood for the client to not pay fees is low, as the customer assets cannot be withdrawn before the redemption date and the advisory fees are small versus the assets of the fund.

Management and advisory fee are payable by clients within 30 days of calculation and the notice period is annually every December.

Under Pillar 1 capital calculations, cash balances are risk weighted at 1.6% and management/advisory fees receivable at 8%. The directors believe that the Pillar 1 risk weight is adequate and that a Pillar 2 adjustment to hold additional capital is not required.

Liquidity risk

The liquidity risk that the firm faces is the inability to settle its liabilities as they fall due. The risk management process includes frequent monitoring of the liquidity position of the firm. Bank reconciliations and cash flows are prepared on a regular basis to ensure that all liabilities are identified promptly and can be settled as they fall due.

Cash resources of the firm are maintained in bank accounts with instant access.

Operational risk

As a BIPRU €50,000 firm, the firm is not subject to an operational risk requirement under Pillar 1. However, the firm is aware of the reputational damage that could result from a failure in operating procedures. The firm's key policies and procedures are documented in the compliance manual and their effectiveness kept under review via the compliance monitoring programme.

Changes to procedures are communicated to directors and staff as they occur and personnel provide a written confirmation of their understanding and acknowledgement of any significant changes.

Directors and staff remain aware of the policies and procedures and periodically confirm their compliance via a biannual compliance declaration.

Remuneration risk

The Firm is subject to FCA Rules on remuneration. The Remuneration Code ("the RemCode") rules are located in the SYSC Sourcebook of the FCA's Handbook. The RemCode covers an individual's total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two.

The Firm's business is to provide Brokerage services to its clients

Our policy is designed to ensure that we comply with the RemCode and our compensation arrangements:

1. are consistent with and promotes sound and effective risk management;
2. do not encourage excessive risk taking;
3. include measures to avoid conflicts of interest; and
4. are in line with the Firm's business strategy, objectives, values and long-term interests.

Proportionality

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA has sought to apply proportionality in the first instance by categorising firms into three levels. The Firm falls within the FCA's proportionality level three and as such this disclosure is made in line with the requirements for a Level three.

Application of the requirements

We are required to disclose certain information on at least an annual basis regarding our Remuneration policy and practices for those staff whose professional activities have a material impact on the risk profile of the firm. Our disclosure is made in accordance with our size, internal organisation and the nature, scope and complexity of our activities.

1. Summary of information on the decision-making process used for determining the firm's remuneration policy.

    - The Firm's policy has been agreed by the Senior Management in line with the RemCode principles laid down by the FCA.
    - Due to the size, nature and complexity of the Firm, we are not required to appoint an independent remuneration committee.
    - The Firm's policy will be reviewed as part of annual process and procedures, or following a significant change to the business requiring an update to its internal capital adequacy assessment.
    - BIPRU Investment Management Firm - The Firm's ability to pay bonus is based on the performance of Firm overall and derived after its fund's managed returns have been calculated by client appointed third party administrators.

2. Summary of how the firm links between pay and performance.

    - Individuals are rewarded based on their contribution to the overall strategy of the business.

a. Investment Generation
b. Investment Trading
c. Sales & Marketing
d. Operations

- Other factors such as performance, reliability, effectiveness of controls, business development and contribution to the business are taken into account when assessing the performance of the senior staff responsible for the infrastructure of the firm.

3. Aggregate quantitative information on remuneration, for staff whose actions have a material impact on the risk profile of the firm.

Code Staff	**Aggregate compensation expense in 2021fiscal year**
Senior Management: £0	
Others (If applicable)	

We may omit required disclosures where we believe that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

We have made no omissions on the grounds of data protection.

Capital Resources

As the firm is a BIPRU €50,000 Limited Licence Firm. It has calculated its capital resources in accordance with GENPRU 2.2. The firm's capital resources are detailed in the below.

	£000
Tier 1 capital resources*	107
Tier 2 capital resources	0
Tier 3	0
Deductions from total capital e.g. illiquid assets	0

Total capital resources as at 31 December 2021	107

*Tier 1 capital is not subject to any deductions and does not include any hybrid capital or capital instruments.

Capital Resource Requirements

Pillar 1 capital is the minimum capital requirement that firms are required to meet for credit, market and operational risk. The Firm's Pillar 1 requirement is calculated as the higher of:

1. The Base Capital Requirement (€50k)

2. The sum of:

    The Credit Risk Capital Requirement; and

    The Market Risk Capital Requirement.

3. The Fixed Overheads Requirement (FOR) (3 months expenditure of the firm).

In the opinion of the directors the highest of these three is the Base Capital Requirement of €50k.

Pillar 1 and Pillar 2

As at the date of this report the firm meets its Pillar 1 capital resources requirement.

Pillar 2 capital is additional capital against risks not adequately covered in Pillar 1. The firm has undertaken an Internal Capital Adequacy Assessment Process (ICAAP) to determine whether it needs any further regulatory capital due to the risks it faces as set out above. As a result of this review the firm has concluded that its Pillar 2 capital requirement is €50k. As at the date of this report the firm meets its Pillar 2 capital resources requirement.