

PGR Capital LLP

Disclosure under Pillar 3 of Capital Requirements Directive

Date: 31st December 2009

Background

PGR Capital LLP (“the Firm”) is authorised and regulated by the Financial Services Authority and is categorised as a BIPRU Limited Licence Firm for regulatory purposes. The disclosure 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.

Risk management objectives and policies

The business strategy and risk appetite are determined by the Partners. Based on this, a risk management framework, geared to the specific risks that are applicable to the firm, is devised and put into practice.

The Firm’s main categories of risk and its management objectives and policies for these categories are as follows:

Risk	Strategy/process to manage risk	Structure of risk management function	Risk reporting and management systems	Policy for hedging and mitigating risk
Operational risk	All of the firm’s procedures are documented in its compliance manual which is read by key staff.	The firm is small and has a simple operating infrastructure. Compliance is overseen by the Compliance Officer.	A report is compiled quarterly by the Compliance Officer and discussed at meetings of the partners.	The opportunity to mitigate operational risk is reviewed regularly by the partners.
Business risk	The firm’s risk appetite and its willingness to accept business risk are defined by its partners	The risk management function is overseen by the partners.	Business risk is discussed at regular partners’ meetings.	Business strategy is managed and updated on a day to day basis by the firm’s partners.
Credit risk	No credit is extended to clients. Credit risk occurs in the form of management fees receivable.	A list of the firm’s exposures to counterparties is maintained as part of the accounting function.	Monthly management accounts detail the firm’s exposure to credit risk.	Management fees are collected within one month.
Market risk	The firm incurs market risk in the form of management fee income received in US dollars. However the fees are converted into sterling on a frequent basis and the firm does not maintain assets or liabilities	If the risk did occur it would be monitored as part of the accounting function.	Monthly management accounts reviewed regularly by the partners.	If non-sterling balances were maintained, the firm would manage its exposure through foreign currency hedges when appropriate.

Risk	Strategy/process to manage risk	Structure of risk amnagement function	Risk reporting and management systems	Policy for hedging and mitigating risk
	in any currency other than sterling.			
Financial risk	The risk of the firm breaching regulatory capital requirements or falling short of its cash flow obligations is monitored as part of the accounting function.	The financial risk of the firm is reviewed by partners. Where necessary external advice is sought from compliance consultants and or accountants.	Internal reporting to the partnership is on a monthly basis. Regulatory reporting to the FSA is on a quarterly basis.	Potential deficits are identified at an early stage and further capital/loans injected as necessary.

Capital Resources

The firm is a BIPRU Limited Licence Firm and has calculated its capital resources in accordance with GENPRU 2.2. The firm's capital resources are detailed in the table below.

	£000
Tier 1 capital resources	72
Tier 2 capital resources	0
Tier 3	0
Deductions from total capital e.g. illiquid assets	0
Total capital resources as at 31 st December 2009	72

Capital Resource Requirements

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 (3 months expenditure)

In the opinion of the partners, given the nature and size of the firm as at the date of this statement, the highest of these three is always likely to be the Base Capital Requirement and therefore none of the Fixed Overhead Requirement, the Credit Risk Capital Requirement or the Market Risk Capital Requirement are material to the Firm.

Pillar 1

As at the date of this report the Firm has a surplus of capital resources over its Pillar 1 capital resources requirement.

Pillar 2

The Firm has undertaken an Internal Capital Adequacy Assessment Process (ICAAP) to determine whether it needs any further regulatory capital due to the operational, business, credit and market risks it faces.

As a result of this the Firm has concluded that it does not need any further regulatory capital to meet its requirements under Pillar 2.