

BIPRU 11 : Disclosure (Pillar 3)

The Capital Requirements Directives (CRD) for the financial services industry introduced a supervisory framework in the European Union which reflects the Basel II and Basel III rules on capital measurement and capital standards. Member States have progressively transposed, and firms of the financial service industry have applied the CRD from 1 January 2007.

The capital framework consists of three Pillars:

Pillar 1 determines the minimum capital requirements of firms to cover credit, market, and operational risk;

Pillar 2 requires firms to assess whether they should hold additional capital in respect of any risks not covered by Pillar 1; and

Pillar 3 requires firms to publicly disclose information relating to their risks, capital adequacy, and policies for managing risk with the aim of promoting market discipline.

The aim of Pillar 3 is to improve market discipline by requiring firms to publish certain details of their risks, capital and risk management. Institutions are required to certify to the Financial Conduct Authority (FCA) on an annual basis that they have complied with the new disclosure requirements.

Gate Capital Group has decided that because it is classified as a small business that it falls outside of the reporting requirements for Pillar 3 on the basis of several factors including turnover and capitalisation.

This decision will be formally reviewed annually as a minimum.