

Ark Wealth Ltd

FCA Number 670081

Pillar 3 Disclosure

Date: 31st December 2017

Background

The 2006 Capital Requirements Directive (“the Directive”) of the European Union establishes a revised regulatory capital framework across Europe based on the provisions of the Basel 2 Capital Accord governing the amount and nature of capital credit institutions and investment firms must maintain.

In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority (“FCA”) in via the General Prudential Sourcebook (“GENPRU”) and the Prudential Sourcebook for Banks, Building Societies and Investment Firms (“BIPRU”).

The new framework consists of three “Pillars”:

Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk;

Pillar 2 requires the firm to assess whether its Pillar 1 capital is adequate to meet its risks and is subject to annual review by the FSA; and

Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This document is designed to meet our Pillar 3 obligations.

Scope and application of the requirements

Ark Wealth (the firm) was established in 2014. It is incorporated in the United Kingdom and is authorised and regulated by the Financial Conduct Authority to conduct the regulated activities of managing investments, advising on investments and arranging investments and protection. It is controlled by a board consisting of two founding members (Xia Wang and Xiaohan Pan) who each have an equity stake, and 2 non-executive directors.

Risk management objectives and policies

The board determines the business strategy and associated risks. It is responsible for designing and implementing risk controls that recognise the risks being taken so that they can be effectively managed and mitigated where possible.

The board meets frequently to consider market conditions, profitability, cash flow, level of reserves and business planning. Risks are managed through policies and procedures, principles and rules (including FCA principles and rules), which are updated as required.

The board has identified that business, reputational, operational, market and credit risks are the main areas of risk to which the company is exposed. The board formally review risks and

controls annually and this includes the level of capital deemed adequate to cover the risks identified.

Credit risk

Ark Wealth’s bank deposits are held with UK regulated banks. The provision for non-payment of fees is governed by a client agreement with each individual client.

Operational risk

The majority of risk management efforts are focused in this area. This considers the entire operation of the business including administrative errors, procedures, functionality of our premises, reliance on third party providers such as IT systems and competency of our employees.

All operational risks which can be identified are logged and categorised on an annual basis. The strategy for dealing with these risks is reviewed and approved by the board.

Internal controls are continuously evaluated to ensure they are operating as designed and are effective in preventing losses or errors. This is done both through internal checking and monitoring and by using third parties to undertake independent reviews.

Position risk


Ark Wealth is not exposed to any significant risk as its assets are held in cash with UK regulated banks. It does not have permission to hold assets on behalf of clients.

Capital resources

The firm held capital and reserves of £70,000 as at 31st December 2017.

The internal capital to be held against Capital Resource Requirements (CRR) pillar 1 calculation is £44,000 which represents the fixed overhead requirement (FOR). This is the figure that the board have decided should be held as a capital resource and is believed to be sufficient to cover all risks identified. Risk based capital in respect of credit risk is calculated as £1,610 however, this has not been added to the FOR as it is deemed that the FOR is sufficient to cover all risks currently faced by the business. There is a comfortable surplus of reserves, exceeding 150% of the CRR deemed necessary to cover the risks identified.

Approved  Date: 23/02/2018
Xia Wang, Director & Compliance Officer

Approved  Date: 23/02/2018
Dr Xiaohan Pan, Director

Approved  Date: 23/02/2018
John Flynn, Non-Executive Director