Pillar 3 Disclosures

Wealth Options Ltd
("the Firm")

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PILLAR 3 OVERVIEW/INTRODUCTION

The Capital Requirements Directive (CRD) introduced a revised capital adequacy framework across financial markets in Europe in order to reduce the risk to consumers of financial loss and to minimise the effects of market disruption. CRD is designed to ensure that investment Firms have sufficient financial resources in relation to their risk profile and the controls that we have in place. The Central Bank of Ireland is responsible for the implementation and supervision of CRD in Ireland.

There are three pillars under the CRD Framework:

Pillar 1 Sets out the minimum capital requirements for credit, market and operational risks;

Pillar 2: Pillar 2 requires investment firms to undertake an Internal Assessment of the Capital required to cover the risks identified relating to their investment business activities. This is known as the Internal Capital Adequacy Assessment Process (ICAAP).

Pillar 3: Pillar 3 requires firms to disclose their assessment of the risks identified for their business and the manner in which they are managed.

- ✓ Risk Management;
- ✓ Capital Structure
- ✓ Capital Adequacy

The Firm's model continues to be used to distribute a host of financial services products. It's core business is the production of third party products to the wholesale market (i.e. Financial Brokers). Wealth Options also administers Approved Retirement Funds (ARFs) and Personal Retirement Bonds (PRBs).

Risk Management

The Firm has implemented an integrated approach to risk management and understands that this requires sustained effort on behalf of all staff. The management of the Firm has detailed risk management processes in place. A Risk manager is in situ who is responsible for the implementation of the integrated risk policy and the ongoing assessment of risk and training of staff. The Risk Manager is a member of management and reports to the Board and the Executive and directs and sustains integrated risk management by considering corporate risk issues, approaches and performance. The Firm has made integrated risk management a key agenda item for the Board. A Risk committee meets quarterly and the minutes are presented to the Board.

The Firm has developed a risk assessment process to evaluate the risks to which it is exposed. The Firm identified internal and external factors and risks were identified through an environmental scan, preliminary data collection and analysis. Threats and opportunities were identified and the assessment of them will be adjusted as necessary through ongoing internal and external environmental scans and analysis

The Firm has a documented Risk Appetite Statement which determines that level of risk the Firm is willing to take in order to execute the Firm's strategy. The Firm's Board recognises that there is a requirement for on-going development of the Risk Appetite Statement to ensure that the metrics remain relevant and accurately reflect the changes to the business. To achieve this the Risk Appetite Statement is reviewed by the Firm's Board at least annually.

The following are the principal areas of risk for the Firm:

- ### Operational Risk

The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This risk includes legal and compliance risk. The Firm includes Outsourcing Risk in this section.

The growth in IT and in particular, Cyber Security risk in recent years has caused the Firm to separate this risk out from where it would normally have sat within Operational risk. We refer to the next section on this.

Legal and Compliance Risk (a subcategory of operational risk): The current or prospective risk to earnings and capital arising from violations or noncompliance with laws, rules, regulations, agreements, prescribed practices or ethical standards.

Other operational risks include incorrect documentation being produced, loss of key staff, poor administration and fraud. The Firm has processes in place to identify these risks and they are reviewed at Board level every quarter.

The Firm considers operational risk to be the primary material risk which the Firm faces because of the direct relationship between the risks identified and its level of fee income generation.

Due to the small size of the Firm it is not always possible to have full separation of duties as a risk control mechanism.

- ### IT and Cyber Security Risk

IT and Cyber Security Risk is a growing risk in the industry and of course globally. This risk is the current or prospective risk to clients or underlying investors and the Firm arising from inadequate information technology, safeguarding measures and processing in terms of manageability, exclusivity, integrity, controllability and continuity, or arising from an inadequate IT and Cyber Security strategy and policy or from inadequate and/or inappropriate use of the Firm's information technology.

The risk associated with Cyber Security is ever increasing and together with IT risk the Firm outsources information technology functions to include business continuity planning, to a third-party service provider. These arrangements are governed by a documented service level agreement and MIFID II outsourcing obligations. The Firm monitors the performance of the third-party service providers closely through ongoing engagement, weekly and monthly reporting and "pro-active" days which includes monthly checks on the IT of systems of the Firm. The Firm also invites the outsource service provider to attend Board meetings periodically.

➢ Market Risk

The current or prospective risk to earnings and capital arising from adverse movements in financial markets. This risk can arise from a number of factors including downward pressure on rates, competitor activity, insufficient fund raise (or in fact an over raise) regulatory changes, loss of supplier and general economic factors.

To address this risk the Firm has developed and maintains systems and controls which include:

- Ongoing monitoring of the Firm's profit and loss and capital levels to ensure adherence with the capital adequacy requirements;
- Quarterly reviews of all the risks identified in the risk register and Board reporting
- Strict expense management.

➢ Counterparty Risk

The current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with the firm or its failure to perform as agreed.

- In terms of client assets, the Firm regularly reviews the credit institution where it holds client assets

- In terms of the Firms own funds we consider this to be a material risk but is mitigated by the fact that deposit monies representing the firm's capital are placed with financial institutions of appropriate investment grade.

➢ Reputation Risk

The current or prospective risk to earnings and capital arising from adverse perception of the image of the Firm on the part of clients, counterparties, investors and/or Regulators. This can be caused by the failure of a product, a regulatory sanction, fraud or adverse media comments. The Firm considers reputation risk to be material despite the low probability of an adverse occurrence.

To address this risk the Firm conducts significant due diligence on third party products and adheres to all its regulatory responsibilities in a robust manner to ensure that the Firm is not exposed to any regulatory sanctions.

➢ Strategic Risk

The current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, fraud, improper implementation of decisions or a lack of responsiveness to changes occurring in the business environment including regulatory changes. The Firm considers this risk to be a material risk given the potential for volatility in the market place.

To address this risk the Firm regularly reviews its strategy with a view to keeping on top of the ever-changing market and the Firm believes that it is small enough to react quickly if required.

➢ Non Material Risks

(Potentially Important Risks Considered and deemed *Less* Material)

Interest Rate Risk

The current or prospective risk to earnings and capital arising from adverse movements in interest rates. The Firm considers this to be a non-material risk as the Firm is not dependent on either borrowings or interest income.

Liquidity Risk

The current or prospective risk to earnings and capital arising from an institution's inability to meet its liabilities as they come due. The Firm considers this to be a non-material risk as the Firm has reasonable cash reserves to meet all its current liabilities.

Concentration Risk

The risk that exposures to specific sectors, asset concentration, individual portfolio accounts or client group could result in losses to the Firm or its business.

The Firm minimises this risk by:

- Focusing on the needs of its clients so as to ensure clients are satisfied with the service;
- Undertaking risk assessments of counterparties used for both client and Firm assets.

Insurance Risk

The current or prospective risk of loss due to actual experience being different than that assumed when an insurance policy was bought.

The Firm maintains professional indemnity insurance. Professional Indemnity cover is set at a limit which the Firm considers appropriate for the business of the Firm and subject to a deductible premium which the Firm can reasonably afford to meet if called upon.

Credit Risk on investment management fees from clients.

The risk that clients fail to pay commission/ fees as they fall due.

The Firm receives annual management fees, typically on an annual basis. These fees are computed based on the value of each underlying pension fund. Fees are collected throughout the year and are reflected in the company's accounts. There is no marked seasonality in the collection of client fees.

Payment of fees is principally by bank mandate as set out in the Firm's contract with the client.

Conduct Risk

The risk that the Firm fails to conduct business in accordance with policies, procedures, and regulation.

The Firm has a Head of Compliance appointed and a compliance committee in place. There are procedures documents in place for all business areas and regular staff training is carried out. The internal organisation of the Firm allows for regular and ongoing supervision of staff.

Capital Structure

Capital and Reserves	December 31, 2017
Called up share capital	€ 376
Share Premium account	€ 99,949
Other Reserves	€ 124
Profit and Loss account	€681,309
Equity Shareholders' Funds	**€781,758**