

Pillar 3 Disclosures:

Pillar 3 Overview/Introduction

Pillar 3 is the third element of the CRD's 3 pillar concept:

Pillar 1 – minimum capital requirements;

Pillar 2 – ICAAP and determination by firms if they should hold capital against risks above those covered in Pillar 1; and

Pillar 3 – requires firms to publish details of their risks, capital and risk management. Institutions are required to certify to the Financial Regulator on an annual basis that they have complied with the new disclosure requirements. The disclosures cover three broad areas:

Risk Management;
Capital Structure
Capital Adequacy

Wealth Options Limited (“Wealth Options”) is an investment management firm authorised by the Financial Regulator.

Risk Management Objectives and Policies:

Wealth Options has identified and assessed the risks that it faces. The firm attempts to limit or eliminate risks not related to the market such as settlement and operational risk. Wealth Options confirms that the risks it faces are within its risk appetite. The firm's risk management process is appropriate given its nature and scale. Risks are constantly evaluated to determine the capital requirements of Wealth Options.

The following are the principal areas of risk for Wealth Options:

Market Risk:

There is current or prospective risk to earnings and capital arising from external market factors such as competition, loss of agencies, insolvency of product partners and regulatory changes. This risk can arise from external market events and in most instances are outside the control of the firm,

Wealth Options considers market risk to be material and its largest area of risk. The firm's revenue generation capability is directly linked to the level of activity in the financial markets.

Operational Risk:

The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This risk includes IT, legal and compliance risk.

IT risk: subcategory of operational risk: the current or prospective risk to earnings and capital arising from inadequate information technology and processing in terms of manageability, exclusivity, integrity, controllability and continuity, or arising from an inadequate IT strategy and policy or from inadequate use of the institution's information technology.

Legal and compliance risk: 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.

Wealth Options believes that after market risk this is the second highest area of possible risk. Due to the small size of the firm it is not always possible to have an ideal degree of separation of duties posing a risk to the firm.

The firm has various policies and procedures to reduce its operational risk and conducts regular Internal Audits to attempt to identify areas where it might have operational risk.

The firm has some operational risk related to IT. The firm has introduced systems and policies to alleviate this risk and therefore considers this risk as non-material.

Credit 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 institution or its failure to perform as agreed. This risk includes residual risk, the credit risk in securitization and cross border (or transfer) risk.

Concentration risk: as part of credit risk, concentration risk includes

(i) large individual exposures and (ii) significant exposures to groups of counterparts whose likelihood of default is driven by common underlying factors, e.g. sector, economy, geographical location, instrument type.

Residual risk: subcategory of credit risk: the risk that recognizes risk measurement and mitigation techniques used by the credit institution that prove less effective than expected.

Wealth Options considers its credit risk to be non-material.

Strategic risk:

The current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment.

Wealth Options considers this risk to be a material risk given the potential for volatility in the market place.

Reputation Risk:

The current or prospective risk to earnings and capital arising from adverse perception of the image of the financial institution on the part of customers, counterparties, shareholders, investors or regulators.

Wealth Options considers reputational risk to be material despite its low probability of occurrence.

Settlement Risk:

The risk that the credit institution will deliver the sold asset or cash to the counterparty and will not receive the purchased asset or cash as expected. As such a settlement risk comprises both credit risk and liquidity risk.

Wealth Options considers settlement risk to be non-material.

Capital Structure:

Capital and Reserves	2009
Called up share capital	€ 376
Share Premium account	€ 99,949
Other Reserves	€ 124
Profit and Loss account	€482,091
Equity Shareholders' Funds	<u>€582,540</u>

Capital Adequacy:

	2009
Available Capital	€582,540
Required Regulatory Capital	€210,485
Surplus	<u>€372,055</u>