PILLAR 3 DISCLOSURES 2017

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1. INTRODUCTION

The Capital Requirements Directive ('the Directive'), the European Union's implementation of the Basel II Accord, establishes a regulatory framework comprising of three 'Pillars':

- Pillar 1 sets out the minimum capital required to meet a firm's credit, market and operational risks;
- Pillar 2 requires a firm to undertake an Internal Capital Adequacy Assessment Process ('ICAAP') that establishes whether the Pillar 1 capital is adequate to cover all the risks faced and, if not, calculates the additional capital required. The ICAAP is reviewed by the Financial Conduct Authority ('FCA') through a Supervisory Review and Evaluation Process ('SREP'); and
- Pillar 3 requires a firm to disclose specific information concerning its risk management policies and procedures as well as the firm's regulatory capital position.

From 1 January 2014, Marex Spectron Group Limited ('the Group') was required to comply with Basel III requirements, which are implemented through the Directive and the Capital Requirement Regulation ('CRR'), collectively referred to as CRD IV. These regulations are also implemented in the UK through the Prudential Sourcebook for Investment firms (IFPRU) and Prudential Sourcebook for Banks, Building Societies and Investment firms (BIPRU).

This document contains the disclosures outlined in Part Eight of the CRR and FCA BIPRU 11, fulfilling the disclosure requirements under these regimes and making them accessible to clients and market participants.

2. DISCLOSURE POLICY

In accordance with BIPRU 11.3.3 (FCA) and Article 431 (CRR), the Group has adopted a formal disclosure policy to comply with the requirements set out in CRD IV, and has policies in place for assessing the appropriateness of the disclosures, including verification and frequency.

Disclosure requirements are assessed to reflect the risk profile of the firm. Where information has been deemed to be immaterial, confidential or proprietary in nature, the Group has taken advantage of Article 432 of the CRR where a firm may omit one or more of the required disclosures on these grounds.

In accordance with BIPRU 11.3.8 and BIPRU 11.3.10 (FCA), Article 433 and 434 (CRR), the Group will publish this disclosure at least annually on the Group's website.

3. SCOPE AND APPLICATION OF DIRECTIVE REQUIREMENTS

3.1 OVERVIEW OF THE GROUP

The Group is a leading broker whose primary business is providing clients with access to execution and clearing services in both Over-The-Counter ('OTC') and Exchanged-Traded markets for commodity and financial products. The Group is subject to supervision by the FCA under BIPRU 8.4 and Chapter 2 of the CRR.

The Group owns and controls two entities that are authorised and regulated by the FCA:

- Marex Financial Limited (442767) - regulated activities include execution and clearing on exchange traded products and FX products. The firm is a full scope IFPRU 730K investment firm.
- Marex Spectron International Limited (193027) - regulated activity includes Agency OTC Brokerage. The firm is a limited licence IFPRU 730k investment firm.

Marex Spectron International Limited is also supervised by the National Futures Association ('NFA') on behalf of the US based Commodity Futures Trading Commission ('CFTC').

The Group owns and controls three subsidiaries that have authorisations in foreign jurisdictions:

- Marex North America LLC – regulated by the CFTC in the USA;
- Marex Hong Kong Limited – regulated by the Securities and Futures Commission ('SFC') in Hong Kong; and
- Marex Spectron Asia Pte Limited - regulated by the Monetary Authority of Singapore, the International Enterprise of Singapore and the CFTC in the USA.

For the purpose of the Directive, all of the above entities are fully consolidated for Regulatory Reporting purposes and are disclosed at the Group Level in the Pillar 3 Disclosures.

There are no known current or foreseen practical or legal impediments to the prompt transfer of capital resources or repayments of liabilities between any of the above entities.

4 RISK MANAGEMENT

4.1 OBJECTIVES AND SCOPE

The Group views risk management as a key factor in delivering strategic business aims and objectives whilst ensuring long-term sustainability and effective corporate governance. Business strategy and risk appetite are linked and drives decision-making across the Group, ensuring risk-taking remains within the defined boundaries that supports the business strategy, effective management of capital and efficient use of liquidity.

To ensure effective risk management practices permeate throughout Marex Spectron's business, there is a comprehensive risk management governance structure articulating the control mechanisms to identify, measure, assess, monitor, control & report on underlying risks.

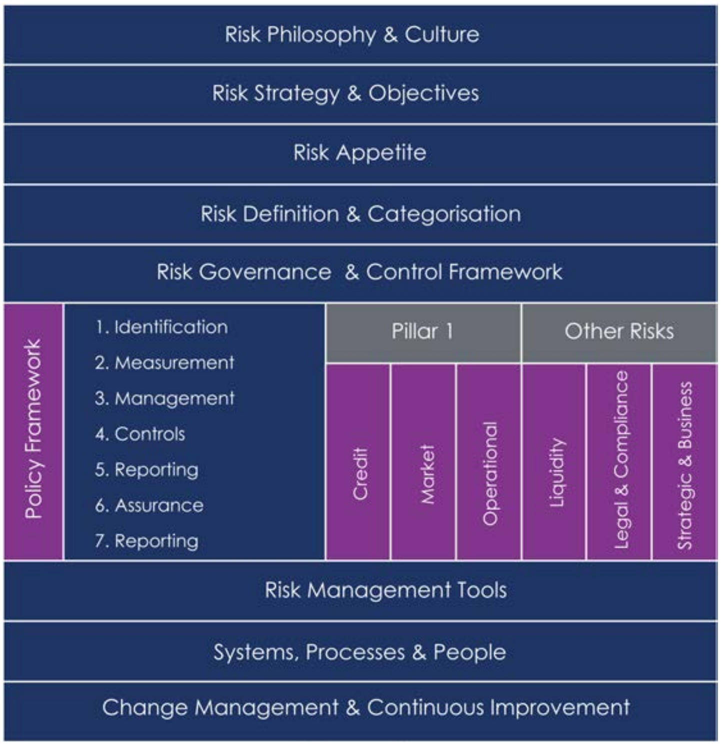
This governance structure is articulated within the Marex Spectron Enterprise Wide Risk Management ('EWRM') Framework. The objectives of the EWRM Framework are as follows:

1) *Identification of risks* - Ensure consistency in the strategies and approaches that the Group uses to identify underlying risks generated through business activities that may be inherent in products, activities, processes or systems.
2) *Measurement of risks* - Ensure identified risks are appropriately and consistently measured to enable evaluation, aggregation, comparison and control.
3) *Assessment of risks* – Assess identified risks, both at the specific risk and aggregate Group level, to determine approach to control or mitigation. Assessment incorporates evaluations of potential relationships or interdependencies across different risk categories and businesses.
4) *Control & management of risks* – Ensure appropriate governance and control structures are in place to effectively implement risk management strategies and ensure on-going adherence to group risk appetite.
5) *Reporting on risks* – Provide appropriately targeted and regular reporting on risk exposures or concentrations to management and relevant senior personnel to ensure relevant information is available to support risk-taking decisions.
6) *Challenge* - senior management should foster a challenge culture by reviewing and challenging all aspects of the Group's risk profile and risk management practices.

The EWRM Framework scope encapsulates the following nine key components (see figure below):

1) *Risk philosophy & Culture* – The 'tone from the top' in relation to the organisational culture and attitude to risk.
2) *Risk Strategy & Objectives* – Driven by Chief Risk Officer ('CRO'), articulating how the risk function supports the delivery of the overarching business strategy.
3) *Risk Appetite* – The level of risk that Marex Spectron is prepared to accept in order to achieve its stated business objectives.
4) *Risk Definition & Categorisation* – Provides a common language by which Marex Spectron can communicate on risk matters.
5) *Risk Governance & Control Framework* – The approach for directing the management and control of risk.
6) *Policy Framework* – Defines the set of key policies necessary to manage the identified risk categories.
7) *Risk Management Tools* – Describes the components of the risk management toolkit available for executing the risk management objective and the relationship between those tools.
8) *Systems, Processes & People* – Ensuring that systems, processes and people are sufficient in terms of capacity and capability.
9) *Change Management & Continuous Improvement* – Describes the objective of continuous improvement to review and adapt to evolving risk and risk management standards.

MAREX SPECTRON ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK



4.2 RISK STRATEGY

There are four key elements to the Group's risk management strategy:

a) **Embedded Risk Philosophy And Risk Culture**
   Ensuring that risk philosophy and risk culture of the Group are fully understood and embedded at all levels within the Group.

b) **Evolving Risk Framework Within The Group**
   The Marex Spectron EWRM Framework is designed to evolve with the business, so that it always remains relevant to the Group's internal and external circumstances, reflecting changes in the market, political, technological and regulatory environments.

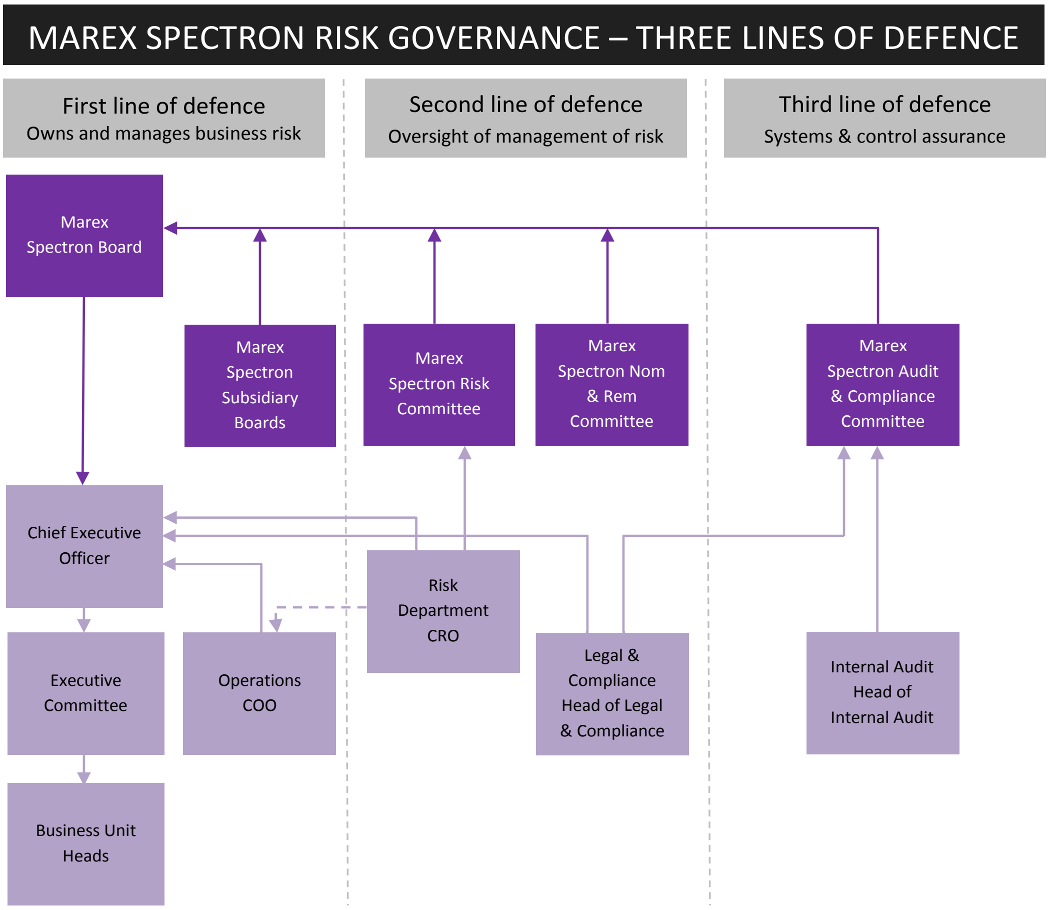
c) **Risk Identification And Controls**
   Ensuring that all risks, both potential and current, can be identified to adequately assess, quantify and control through the existing framework.

d) **Managing Growth Effectively**
   Ensuring that growth and change throughout the Group is managed through a clearly defined expansion and integration plan. By having a clear picture of the relevant risks posed across each of the business lines, the management of capital and liquidity within Marex Spectron is optimised.

4.3 GOVERNANCE STRUCTURE

Marex Spectron's risk governance model underpins how the risk management structure is directed across the Group.

In pursuit of effective risk governance, a 'Three Lines of Defence' model has been adopted in conjunction with a strong risk culture, good communication, understanding and a strong sense of risk awareness across the Group.



- The first line of defence are the controls in place to deal with and manage the day-to-day risk management within the business units, support functions and embedded operational risk staff.
- The second line of defence consists of the specialist control functions, which make up the Risk Management infrastructure of the Group.
- The third line of defence is Marex Spectron's Internal Audit Function, which audits and reports independently to the Audit and Compliance Committee and the Board on all aspects of both the first and second lines of defence.

4.4 CORPORATE GOVERNANCE

This section details the Group's governance framework and its management practices.

4.4.1 Board of Directors

The Group Board is the body empowered to set the Group's strategy, objectives and overall direction; and as the body which oversees and monitors management decision-making, it defines, oversees and is accountable for the implementation of governance arrangements that ensure the effective and prudent management of all Group companies, including the segregation of duties and the prevention of conflicts of interest.

The Group Board is structured such that directors bring to the Group a balance of skills, knowledge and experience. The Group Board is comprised of:

- Independent Non-Executive Chairman;
- Chief Executive Officer;
- Chief Operating Officer;
- Global Head of Metals;
- Managing Director, Head of US, and Co-Head of Energy;
- Two Independent Non-Executive Directors; and
- Seven Non-Executive Directors representing the Shareholders.

The Non-Executive Directors combine broad experience with objective judgement, and provide challenge to executive management. Each director commits sufficient time to meet the expectations of their role and is provided with training as required. The effectiveness of the Board and governance arrangements are assessed periodically.

Non-Executive Directors chair three committees of the Board:

- The Audit & Compliance Committee;
- The Risk Committee; and
- The Remuneration & Nomination Committee.

The Executive Committee is chaired by the Chief Executive Officer and is charged with the day-to-day conduct and management of the Group.

4.4.2 Risk Committee:

The Risk Committee is a standing committee which has been mandated to oversee and provide advice to the Board on the Group's current risk exposures and future risk strategies (including the strategy for capital and liquidity management). The Risk Committee is comprised of:

- Chairman: Independent Non-Executive Director;
- Members: Three Non-Executive Directors representing the Shareholders; and
- Attendees: Chief Risk Officer, Chief Executive Officer, Chief Finance Officer, Chief Operating Officer, Group Head of Legal and Compliance, Global Head of Metals, Group Chairman and the Head of Enterprise Risk.

4.4.3 Audit & Compliance Committee

The Audit and Compliance Committee is a standing committee, acting independently from executive management to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal financial controls. The Committee also monitors the effectiveness of the Group's internal audit function and ensures there is an appropriate relationship with the external auditor. The Committee is comprised of:

- Chairman: Independent Non-Executive Director;
- Members: Three Non-Executive Directors representing the Shareholders; and
- Attendees: Global Head of Internal Audit, Group Head of Legal and Compliance, Chief Finance Officer, CF10a (Head of Treasury), Chief Executive Officer, Chief Risk Officer and Chief Operating Officer.

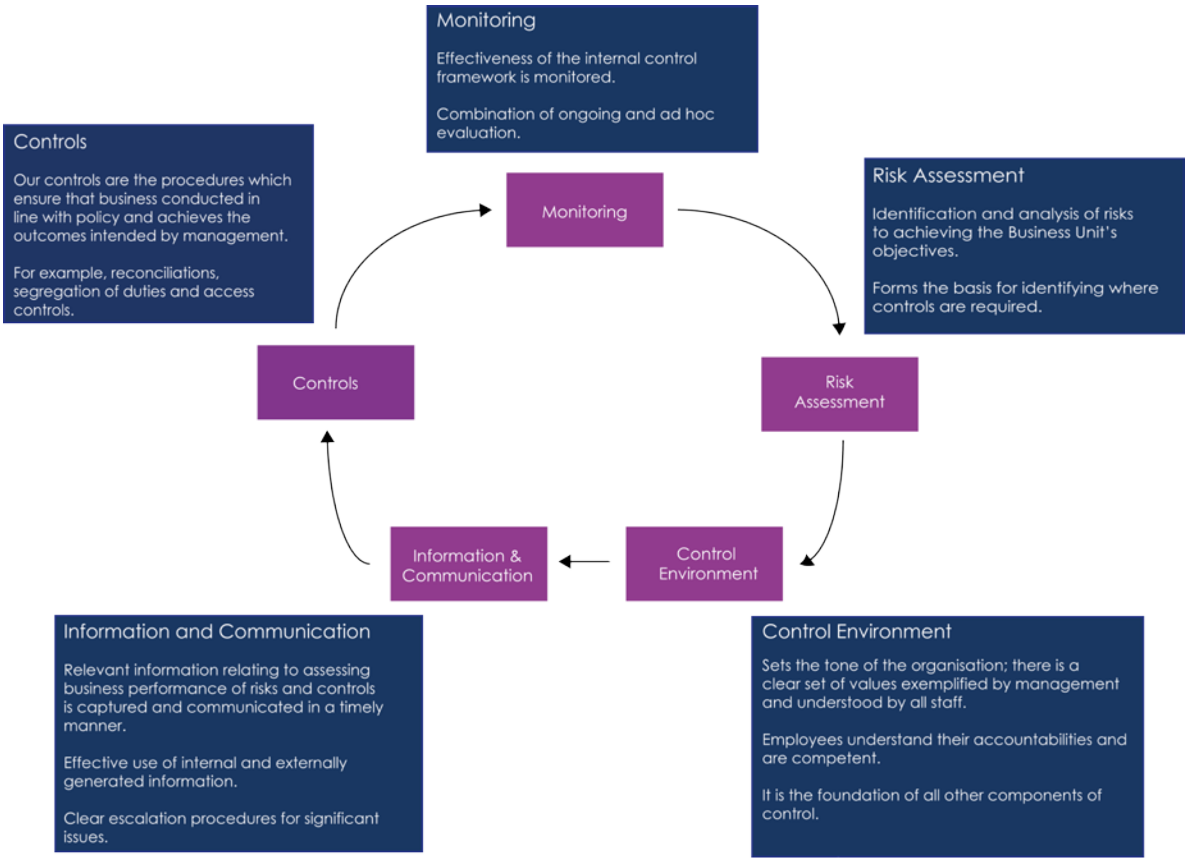
4.4.4 Remuneration & Nomination Committee

The Remuneration & Nominations Committee is a standing committee, which has been mandated by the Board to (i) act independently from executive management to ensure that the interests of shareholders are properly protected in relation to remuneration of employees; (ii) ensure there is a formal and transparent process for developing policies, practices and procedures for determining the remuneration packages of FCA Code Staff and other employees, (iii) ensure compliance with all regulatory requirements pertaining to remuneration; and (iv) to nominate candidates for membership of the Board. The nomination committee requirements set out in SYSC 4.3A8 and SYSC 4.3A9 have been incorporated into the terms of reference of this committee. The Committee is comprised of:

- Chairman: Non-Executive Director;
- Members: Two Independent Non-executive directors and two Non-executive directors representing the Shareholders; and
- Attendees: Chief Executive Officer, Head of Group Human Resources and Chief Financial Officer.

4.5 RISK CONTROL AND REPORTING FRAMEWORK

There are comprehensive risk tools, processes, policies and procedures in place to enable extensive monitoring and control the risks within the Group, and a clearly defined escalation / reporting process in place to Senior Management and key staff. The Control Framework consists of the following components:



4.6 RISK CATEGORIES

The risk categorisation model forms an important part of the EWRM Framework and provides a benchmark to evaluate the Group's Risk Appetite. The Group's risk appetite is determined by the Board across a number of dimensions and tracked via a dashboard of targeted key indicators. Risk is monitored and measured against trigger levels, limits and capacity, as determined by the Board.

The framework includes a broad range of risks associated with profitability, market, credit, liquidity, capital, staff, clients, compliance, regulatory environment, legal, IT performance and security as well as others.

Credit Risk

Credit risk is incurred if the Group is exposed to loss where a client or counterparty fails to perform its contractual obligations, either in a timely manner or at all. Credit risks are mitigated by limits imposed upon the provision of credit lines. These limits are set and monitored by the Credit department and reviewed by the Risk Committee and the Board. Clients are also subject to position limits, which have the effect of limiting credit exposures. The Group uses robust credit risk models to monitor exposures to counterparties and to analyse other aspects such as credit concentration, wrong-way and intra-day credit risks.

Market Risk

Market risk represents the risks that arise from fluctuations in the value of the Group's traded positions due to changes in the value of price, volatility or interest rates within financial markets. Overall limits are allocated by the CRO to each desk. The Risk department monitors the global position per desk against respective limits, and against the Risk Appetite, and alerts the CRO should the risk exceed a prescribed threshold of the overall risk limit.

Operational Risk

Operational risk represents losses that arise from inadequate, or failed internal processes, personnel, systems or external events. This category excludes business, strategic and reputational risks. The Group's policy is to operate a robust and effective risk management process that is embedded in all parts of the business.

All business areas within the Group are subject to, at least, an annual risk review by the Operational Risk team. This review process identifies potential and actual operational risks, and puts in place controls to mitigate such risks. Additionally, the Group monitors operational risk on a cost-benefit basis and seeks to minimise the frequency and impact of operational risk events.

Liquidity Risk

Liquidity risk represents the risk that the Group does not have sufficient cash and/or cash equivalents to allow it to meet its obligations as they fall due, or can only be secured at excessive cost. Liquidity risk is monitored daily at a detailed level. Stress testing is carried out for multiple liquidity scenarios to ensure that the Group remains within the Board's approved risk appetite for liquidity risk and that liquidity contingency planning is sufficiently robust.

Legal & Compliance Risk

Legal and compliance risks are those arising from violations of, or non-conformance, with laws, rules and regulations. This type of risk is constantly evolving. To mitigate such risks, additional resources have been allocated to the Legal and Compliance team, which closely monitors ongoing regulatory developments, assesses, anticipates and plans for such risks, and is involved in industry working groups to establish regulatory policies.

Strategic and Business Risk

Strategic and business risks are those arising from the Group's strategic direction or business model, including the risk that the firm may not be able to execute its business plan or its desired strategy successfully. The Group seeks to mitigate such risks by running economic scenario planning to model and prepare for the impact of economic downturns / upturns to the Group's financial positions and put in place appropriate measures to ensure that any impact is minimal to the Group.

4.7 INTERNAL AUDIT

The Group has an Internal Audit department, the Group's third line of defence in risk governance, providing further assurance to senior management and the Board. Internal Audit's objectives are to assess:

- Effectiveness of the Group's risk management, internal controls and governance process.
- Whether operational and financial controls are appropriate and consistently applied.
- Effectiveness of internal controls for the safeguarding of assets.
- Reliability and integrity of management information.
- Adequacy of processes to ensure compliance with applicable laws and regulations.

4.8 SYSTEMS, PROCESSES AND PEOPLE

It is the responsibility of the CRO to ensure that the appropriate infrastructure, processes and resources are in place to enable effective management of the risks faced by Marex Spectron. This is reviewed, at least annually, as part of the Annual Risk Compliance report consistent with SYSC 4.3.2 R (1).

4.9 RISK REPORTING

Regular reports are produced covering market, credit, and operational risks ensuring the ongoing monitoring of key risks and ensuring that any breaches, or potential breaches, are escalated to appropriate level of management. Regular reports are also produced to monitor the liquidity and capital position of the Group to ensure it is adequately capitalised to support current and future activities.

The risk reporting structure includes daily briefings, reports to executive management, as well as reporting of risk exposures versus risk appetite limits to the Risk Committee, which meets on a quarterly basis, as well as to the Board.

5 GROUP CAPITAL RESOURCES

The calculation is based on the consolidated balance sheet of Marex Spectron Group in accordance with BIPRU 8.6 and article 437 (1a) (CRR).

Marex Spectron Group reconciliation of Capital Resources and Audited Financial Statements as at 31 December 2017:

5.1 GROUP CAPITAL RESOURCES

	As at 31 December 2017 $m
Tier One Capital	
Share Capital	176
Share Premium	134
Reserves	62
Other Reserves	-
Revaluation reserve	-
Less Tier One deductions:	
Intangible Assets	(141)
Valuation Adjustments	-
Total Tier One after deductions	**231**
Total Capital Resources	**231**

Reconciliation to Financial Statements	**As at 31 December 2017 $m**
Shareholders' Equity as at 31 December 2017	**372**
Tier One deduction:	
Intangible Assets	(141)
Other regulatory adjustments	-
Total Capital Resources	**231**
Total Capital Resources as at 31 December 2016	**232**

The following transitional deductions are deducted from Tier One capital of the Group:

a) Intangible Assets/Goodwill: Article 36 requires the Group to deduct intangible assets and goodwill balance from its Tier One capital (31 December 2017: intangible assets balance $0.4m and goodwill balance $141m).

b) Additional Valuation Adjustments: the Group follows a simplified approach in estimating its additional value adjustment deductions from Tier One capital ($0.1m deduction as at 31 December 2017).

The group had $231m of capital resources and reported profit after taxation of $17.5m, as at 31 December, 2017.

6 GROUP CAPITAL RESOURCES REQUIREMENT

This is calculated as the sum of credit risk, market risk and operational risk capital requirement. The total consolidated capital resources requirements and components are as follows:

6.1 TOTAL CAPITAL REQUIREMENT

	Capital Requirement As at 31 December 2017 $m	Risk Weighted Assets As at 31 December 2017 $m
Market Risk Capital Requirement		
Commodity PRR	44	546
Foreign Exchange PRR	4	46
Interest Rate PRR	-	5
Sub Total	**48**	**597**
Credit Risk Capital Requirement		
Credit Risk	20	252
CVA	-	2
Sub Total	**20**	**254**
Operational Risk Capital Requirement	20	253
Total Group Capital Requirement (Pillar 1)	**88**	**1,104**
Core Tier One capital ratio		**20.9%**
Core Tier One capital ratio 2016		**21.2%**

Per Article 92 of the CRR, an institution shall at all times satisfy the following own fund requirements:

a) Common Equity Tier 1 ratio in excess of 4.5%;
b) Tier 1 capital ratio in excess of 6%; and
c) Total capital ratio in excess of 8%.

The Group's capital ratio as at 31 December 2017 is 20.9%. The Capital ratio is calculated as the quotient of Capital Resources ($231m) and Total Risk Exposures ($1,104m).

The entirety of the Group's Capital is classed as Common Equity Tier One capital, which comprises Share Capital, Share Premium and reserves. The Group did not hold Additional Tier One capital or Tier Two capital as at 31 December 2017.

6.2 CREDIT RISK CAPITAL REQUIREMENT

Marex Spectron has adopted the standardised approach for Credit Risk as prescribed by BIPRU 3 and Chapter 2 of the CRR, for the purpose of calculating the Credit Risk Capital Requirement (‘CRCR’). Credit risk arises from the risk that parties are unable to meet their obligations as they fall due.

Concentration risk is calculated in accordance with BIPRU 10 and Articles 392 – 403 (CRR).

	Capital Requirement As at 31 December 2017 $m	**Risk Weighted Assets** As at 31 December 2017 $m
Exposure Class		
Central Government/Banks	-	-
Corporate	14	170
Equity Exposures	-	5
Exposures In Default	-	-
Institution	3	39
Other	3	38
Total	**20**	**252**
Total 2016	**18**	**230**

6.3 PRE-CRM EXPOSURES AND AVERAGE AMOUNT OVER THE PERIOD 442C (CRR):

	Post-CRM exposures As at 31 December 2017 $m	Pre-CRM exposures As at 31 December 2017 $m	Pre-CRM exposures Ave As at 31 December 2017 $m
Exposure Class			
Central Government/Banks	42	42	50
Corporate	171	350	286
Equity Exposures	5	5	5
Exposures In Default	-	-	-
Institution	1,253	1,261	1,252
Other	39	39	40
Total	**1,510**	**1,697**	**1,633**
Total 2016	**1,490**	**1,653**	**1,634**

Credit Risk Mitigation ('CRM'):

Existing Credit Exposures are mitigated by valid collateral and third-party guarantees, which are reflected in the Post CRM credit exposures.

The Group's credit mitigations are guarantees and tripartite agreement with highly rated institutions, which allow the guaranteed exposure to be risk weighted at the guarantors' risk weighting, thereby reducing the RWA.

The Group uses industry standard documentation with netting clauses as appropriate.

6.4 GEOGRAPHICAL ANALYSIS OF CREDIT RISK EXPOSURES AS PER ARTICLE 442D (CRR):

	Post CRM exposures As at 31 December 2017 $m	Post CRM exposures As at 31 December 2017 $m	Post CRM exposures As at 31 December 2017 $m	Post CRM exposures As at 31 December 2017 $m	Post CRM exposures As at 31 December 2017 $m
Exposure Class	**Americas**	**Asia**	**EMEA**	**Oceania**	**Grand Total**
Central Government/Banks	37	-	5	-	42
Corporate	19	59	93	-	171
Equity Exposures	-	-	5	-	5
Exposures In Default	-	-	-	-	-
Institution	512	4	734	3	1,253
Other	-	1	38	-	39
Total	**568**	**64**	**875**	**3**	**1,510**
Total 2016	**628**	**43**	**818**	**1**	**1,490**

6.5 CREDIT POST CRM BY INDUSTRY SECTORS AS PER ARTICLE 442E (CRR):

	Post-CRM exposures As at 31 December 2017 $m
Exposure Class	
Central Government/Banks	42
Corporate Financial	29
Corporate Non-Financial	28
Institution	1,253
Other	44
SME (Corporates)	114
Total	**1,510**
Total 2016	**1,490**

6.6 ANALYSIS OF IMPAIRED AND PAST DUE EXPOSURES AND ALLOWANCE FOR IMPAIRMENT AS PER ARTICLE 442H (CRR)

The Group does have past due exposures as at 31 December 2017 which predominantly relate to agency brokerage. These exposures are not impaired and are still collectible in full. Analysis of historical payment behaviour of Trade debtors supports this assertion. The Group monitors brokerage receivables extensively and reviews where an impairment might be necessary as part of a monthly review process. As at 31 December 2017 there were no material provisions. In the overall context of the Group's credit exposure, past due exposures and credit risk adjustments are immaterial.

6.7 ANALYSIS OF CREDIT EXPOSURES BY RESIDUAL ANALYSIS AS PER ARTICLE 442F

The Group only has on-demand credit exposures therefore a residual maturity breakdown of all exposures as required by the CRR has not been deemed necessary. As noted above, past due exposures are immaterial to the Group's overall credit risk exposure.

6.8 OPERATIONAL RISK CAPITAL REQUIREMENT

Marex Spectron has adopted the basic indicator approach for calculation of the Pillar 1 capital requirement for operational risk as prescribed by article 315 of CRR. This is computed as 15% of the average relevant income for the Group over three years (Operational Risk Capital requirement was $20m at 31 December 2017).

6.9 MARKET RISK CAPITAL REQUIREMENT

The Group calculates its Pillar 1 Position Risk Requirement ('PRR') according to the approach set out in Part 3 Title IV of the CRR. To calculate the commodity PRR, the Extended Maturity Ladder ('EML') approach set out in Article 361 of CRR is used, combined with the scenario approach outlined in the RTS for Article 358(4) to reflect other risks aside from delta risk. The total market risk capital requirement was $48m at 31 December 2017.

The primary internal measure of trading market risk is VaR calculated according to the Group's internally-specified model. The model is implemented using the Algorithmics risk engine, which uses Monte Carlo simulation to derive a one-day VaR and four-day VaR measure at several different confidence levels. For the purposes of both monitoring of exposures against limits and deriving internal estimates of capital requirements, a confidence level of 99.75% is used. Daily back-testing is performed to validate the risk capture of the VaR model.

The Board is satisfied that the model is appropriately conservative and represents a prudent estimate of the Group's capital needs to cover any losses against trading positions due to market movements.

6.10 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ('ICAAP')

The Group's latest ICAAP assessment as at 31 December 2017 demonstrates that the Group's internal assessment of risk under Pillar 2 is significantly less than the minimum requirements under Pillar 1 of the regulatory framework.

6.11 EXPOSURE TO INTEREST RATE RISK POSITIONS NOT INCLUDED IN THE TRADING BOOK

The main sources of interest rate risk is in the interest paid by Marex Spectron on its revolving loan facilities, and the interest it receives from its treasury investments, time deposits, demand deposits at institutions and from exchanges based on the cash deposits to cover initial margins. This exposure is not material.

6.12 CAPITAL BUFFERS

The Group is required to maintain a Capital Conservation Buffer and an Institution Specific Countercyclical Capital Buffer ('The Combined Buffers'). As at 31 December 2017, the Capital Conservation Buffer was calculated as 1.25% of total risk weighted assets. The countercyclical buffer is calculated as the weighted average of countercyclical buffer rates that apply to exposures in the jurisdictions where the Group's relevant credit exposures are located multiplied by total risk weighted assets (see 6.13 below).

6.13 COUNTERCYCLICAL CAPITAL BUFFER GEOGRAPHICAL EXPOSURES AS PER ARTICLE 440 OF THE CRR

Country	Country code	Exposure value under the Standardised Approach	Final Exposure	RWA	Own funds charge	Own funds weights	CCB rate (%)	Weighted rate (%)
United Kingdom	GBR	246	68	66	5	0.31	-	-
Switzerland	CHE	52	50	50	4	0.24	-	-
Hong Kong	HKG	32	32	32	3	0.15	1.25	0.19
Singapore	SGP	18	18	18	1	0.08	-	-
Spain	ESP	13	13	13	1	0.06	-	-
United States	USA	12	12	12	1	0.06	-	-
United Arab Emirates	ARE	5	5	5	-	0.02	-	-
Japan	JPN	4	4	3	-	0.01	-	-
Virgin Islands (British)	VGB	3	3	3	-	0.01	-	-
Canada	CAN	1	2	2	-	0.01	-	-
Cayman Islands	CYM	1	1	1	-	0.01	-	-
Belgium	BEL	1	1	1	-	0.00	-	-
Germany	DEU	1	1	1	-	0.00	-	-
Netherlands	NLD	1	1	1	-	0.00	-	-
Puerto Rico	PRI	1	1	1	-	0.00	-	-
France	FRA	1	1	1	-	0.00	-	-
China	CHN	1	1	1	-	0.00	-	-
Austria	AUT	-	-	-	-	0.00	-	-
Other		2	2	2	-	0.04	-	-
Grand Total		**395**	**216**	**213**	**15**	**1**		**0.19**

	2017	2016
Countercyclical Buffer Rate	**0.19%**	**0.12%**
Total Pillar 1 RWA ($m)	**1,104**	**1,095**
Countercyclical Buffer charge ($m)	**2.10**	**1.36**

7 REMUNERATION CODE

The following disclosures are made in compliance with Article 450 of the CRR regulations.

7.1 REMUNERATION POLICY

The Group has a remuneration policy that applies to employees of the Group.

It is the Group's intention that the total remuneration of its employees recognises team and individual performance and the contribution made by each employee to overall long-term success of the Group. Such contribution is expected to be consistent with the Group's cultural values, regulatory compliance and the sound and effective management and control of risks inherent in our business.

Fixed remuneration paid to employees is determined considering an individual's level of knowledge, skills, competencies and experience. The Group ensures that fixed remuneration is comparable to current market rates.

Any variable remuneration paid to employees must be consistent with the Group's remuneration policy. The purpose of the Group's variable remuneration schemes is to compensate employees based on their individual performance, the performance of the relevant desk or team and the contribution made by the employee to overall long-term success of the Group.

Variable remuneration is also one of the tools used to promote sound and effective risk management, discouraging risk-taking in excess of the Group's Board approved risk appetites, and to promote and reinforce behaviour in respect of the Group's cultural values.

7.2 REMUNERATION GOVERNANCE

The Group's remuneration policy is considered and adopted by the Remuneration & Nomination Committee and approved by the Board. The detail of the composition of the Remuneration & Nomination committee is found in the Corporate Governance section 4.4.4. The term of office of each member of the Remuneration Committee is reviewed periodically and changes in membership are approved by the Board. The Committee held three meetings between 1 January 2017 and 31 December 2017 and there were no changes to its composition in that period.

The Remuneration & Nomination Committee annually reviews the remuneration of the Group's Remuneration Code staff and has the ability to apply influence to variable remuneration payments.

7.3 REMUNERATION OF SENIOR MANAGEMENT AND MEMBERS OF STAFF WHOSE ACTIONS HAVE A MATERIAL IMPACT ON THE RISK PROFILE OF THE GROUP

	As at 31 December 2017 $m
Sign on bonuses paid to Code Staff	-

	Number of Code Staff As at 31 December 2017	Fixed Remuneration As at 31 December 2017 $m	Variable Remuneration As at 31 December 2017 $m	Total Remuneration As at 31 December 2017 $m
Senior management	11	5.4	6.7	12.1
Other staff	12	3.1	2.6	5.7
Total	**23**	**8.5**	**9.2**	**17.8**

7.4 BREAK DOWN OF TOTAL CODE STAFF REMUNERATION BY BAND - DISCLOSURE PER ARTICLE 450 (I)

Total Code staff remuneration by band	Number of Code Staff As at 31 December 2017
Less than EUR1.0m	20
EUR1m – EUR1.5m	-
EUR1.5m – EUR2.0m	2
Over EUR2.0m	1
Total	**23**

8 NON- APPLICABLE DISCLOSURES

The following disclosures specified in CRDIV are not applicable to the Group:

- Article 441: The Group is not deemed to be a global systemic important Institution;
- Article 449: The Group does not securitise its assets;
- Article 452: The Group is subject to Standardised approach and not IRB approach; and
- Article 454: The group is subject to Basic Indicator Approach for Operational risk and not Advanced Measurement Approach.