IKS – Impakt Kapital Services Limited
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IKS – Impakt Kapital Services Limited

Pillar III disclosure statement

Capital Requirements Directive (CRD):

Introduction
IKS – Impakt Kapital Services Limited ("The Firm") provides investment services and activities to professional clients/eligible counterparties only. IKS Ltd is authorised by the Central Bank of Ireland for the placing of financial instruments without a firm commitment basis.

The Firm shall maintain capital in excess of its total capital requirements at all times. The Firm's total capital requirements shall be determined with reference to its Initial Capital Requirement, its Fixed Overhead Requirement, and CRD IV / CRR. The Firm does not hold client assets.

The CRD often referred to as Basel II, introduced the need for Investment Firms operating under this legislative framework to publish certain information relating to their risk management and capital adequacy.

The disclosure of this information is known as Pillar III and is designed to complement the two other pillars of the CRD, namely the minimum capital requirements (Pillar I - sets out the minimum capital requirements firms will be required to meet for credit, market and operational risk) and the supervisory review process (Pillar II - firms and supervisors have to take a view on whether a firm should hold additional capital against risks not covered in Pillar I and must take action accordingly).

Summary
In summary, we believe that capital held by our business is sufficient to meet our needs in the next financial year and that procedures are in place to identify and manage the risks that we have.

Responsibility for the management of risk
We encourage our whole firm to understand and manage risk. However, to give the necessary structure to the management of risk, the board of directors, consisting of both executive and non-executive directors, has responsibility for the overall risk governance and management of the Firm. The Board is responsible for setting Firm's risk strategy, establishing its risk appetite and ensuring that all key risks are effectively and efficiently controlled.

Systems of internal control and preventative measures are designed to ensure effective and efficient operations and compliance with laws and regulations. The Board reviews annually the Risk Management Strategy for the Firm which is prepared by senior management. Both the budget and Risk Framework, together with scenario planning and stress testing contribute to the annual Internal Capital Adequacy Assessment Process ('ICAAP').

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The type of risks we face

The Firm's main risk relates to our operations. Operational risk is covered in the Pillar II Section below. Our calculations show that our market and credit risks are significantly lower than our fixed overhead requirement and so our capital is compared to this latter figure. However, for completeness we comment briefly on our market and credit risks.

Market risk is the risk from changes in market conditions that result in a negative impact on the Firm's profitability. The Firm does not hold client assets and the only activity it carries out, for which the firms is authorised, is placing of financial instruments without a firm commitment basis. We do not invest the Firm's assets in traded securities and are therefore not exposed to market risk.

Credit risk is the risk of financial loss if a client or counterparty fails to meet its obligation under a contract. We do not trade, and the counterparty risk is very low, which leaves the risk of a client not paying our fees.

Where possible, the firm does not pay amounts due to third parties in advance of receiving amounts due to it from its customers.

We ask our clients to pay invoices on receipt. If clients have not paid our invoices within a reasonable timeframe, we will continue to request payment, but will also make a provision based on our knowledge of the particular situation and the time that has elapsed since the invoice was issued.

Operational Risk and Pillar II considerations

Operational risk, which is inherent in all businesses, is defined as the potential for financial and reputation loss arising from failures in internal controls, operational processes or the systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud. The regulated environment in which we operate, together with our desire to create a low-risk environment, results in strict reporting requirements and regular assessment of our risks.

Our assessment of strategic and operational risk is recorded in the Risk Management Strategy document – ICAAP approved by the Board. This document is reviewed on a regular basis throughout the year. Both the budget and Risk Framework, together with scenario planning and stress testing contribute to the annual ICAAP. These are designed to ensure that capital is adequate and that the company retains enough capital to adequately finance its current and future activities. Each year an annual planning process looks at major events and on-going business.

The financial impact of this plan is recorded in our budget and our capital forecast is reviewed in light of the results. Where necessary the capital is adjusted. During any financial year, opportunities and issues may arise which need a re-assessment of our capital needs. Each month, the company produces management accounts, which include a comparison of actual results against budget. The company monitors its costs on a monthly basis to ensure that its capital remains in excess of the regulatory requirement. At this point the finance team will update the financial forecast and capital resources model to reassess the impact on capital and update the Board.

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Our Pillar I capital requirement is our Fixed Overhead Requirement ('FOR'), which is calculated as three months' worth of fixed expenditure. As required by Pillar II of the CRD we have considered whether our operational risks are such that we would need additional capital above the Pillar I requirement. Our assessment takes into account the results of stress and scenario testing which has been performed. Our conclusion is that the capital currently held will meet our needs during the next financial year.

Capital Resources

The Firm's capital resources as at 31 December 2022 were as follows:

	EUR
Called up share capital presented as equity	201,000
Profit and loss account	71,534
Total capital resources	272,534

Minimum Capital Requirement – Pillar I

Annual fixed costs as at 31 December 2022 - €605,403

25% of annual fixed costs – €151,351

The Firm's capital exceeded its pillar I regulatory capital requirement by 80% at 31 December 2022.