

Oppenheimer Europe Ltd Pillar 3 Disclosure

Disclosure policy

The Pillar 3 disclosure of Firm name (“OPEU”) is set out below as required by the FCA’s “Prudential Sourcebook for Banks, Building Societies and Investment Firms” (“BIPRU”) specifically BIPRU 11. The regulatory aim of the disclosures is to improve market discipline.

OPEU makes Pillar 3 disclosures annually, via www.opco.com. The disclosures are as at the 31 December 2016. The information contained in this document has not been audited by OPEU’s external auditors and does not constitute any form of financial statement.

Introduction

The Company’s FCA prudential category is an IFPRU limited license firm and its capital resources requirement changed at the beginning of 2014 to Capital requirements under CRD IV (Article 92 of the regulations). For the years prior the capital resources requirement was the higher of the base capital resources requirement (€50,000), or the sum of the credit risk capital and market risk capital requirements or the fixed overhead requirement, which is equal to one-quarter of the Company’s relevant fixed expenditures as defined by the FCA. Effectively the new capital requirements are consistent with those of prior years, but are expressed as ratios against benchmarks, as opposed to an excess/shortage of capital. The Firm is not required to prepare consolidated reporting for prudential purposes.

Capital resources

The main features of the Firm’s Capital Resources as at 31 December 2016 are as follows:

Capital Item	Actual Ratio
Common Equity Tier 1 ratio (required 4.50%)	13.37%
Tier 1 Capital ratio (required 6.00%)	13.37%
Total Capital ratio (required 8.00%)	14.89%

Risk management objectives and policies

Due to the nature, size and complexity of the Firm, OPEU does not have an independent risk management function. Senior management is responsible for the management of risk within the Firm and their individual responsibilities are clearly defined. Senior management report to the Firms governing body on a frequent basis regarding the risks. OPEU has clearly documented policies and procedures, which are designed to minimize risks to the Firm and all staff are required to confirm that they have read and understood them.

OPEU undertakes an Internal Capital Adequacy Assessment Process (“ICAAP”), at least annually, which is the process through which OPEU determines that it is able to identify and manage its key risks on an ongoing basis and that it has sufficient capital in respect of such risks. The process is forward looking and is an integral part of the management of the Firm.

The ICAAP identifies the major sources of risk to the regulated entity, how the Firm intends to deal with those risks and details of the stress tests and scenario analyses carried out and the resulting financial resources estimated to be required. OPEU also carries out regular assessments of the types and distribution of financial resources, capital resources and internal capital, which are documented in the ICAAP.

If necessary the Firm would allocate extra capital to the relevant risk, but this has not been deemed necessary. The Firm has concluded that its Tier 1 capital is sufficient to cover its Pillar 1 and Pillar 2 requirements.

Risks

Below we consider, for each separate category of risk, the strategies and processes to manage the risks:

Operational risk:

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

Market Risk

Market Risk is the risk of loss arising from adverse movements in the level or volatility of market prices of investments in which the company holds a position. OPEU does not hold, nor has any plans to hold any such investments for its own account. The company does hold assets subject to FX risk mainly GBP and EUR bank deposits and rent and clearing deposits in GBP.

Credit Risk

Due to having no Trading Book, Credit Risk in OPEU arises primarily from non-payment of management fees and cash balances held on deposit.

We have assessed this risk having regard to impact and probability and have concluded that this is not a material risk for OPEU.

Counterparty Risk

There is no Trading Book, therefore this Risk is assessed to be nil.

Liquidity Risk

Liquidity risk is not considered to be material as the Company has a strong cash position on its balance sheet and no bank borrowings as at 31 December 2016. Liquidity risk is monitored using the Company's Liquidity Framework which was introduced during the year.

Securitization Risk

OPEU is not involved in any Securitization arrangements, this risk is, therefore, considered to be nil.

Insurance Risk

Insurance Risk is the inherent uncertainty as to the occurrence, amount and timing of insurance liabilities. This is not considered to be a material risk.

Pension Obligation Risk

Pension Obligation risk is the risk to a Company caused by contractual or other liabilities to or with respect to a pension scheme.

OPEU employees are able to join a stakeholder pension scheme arranged by the Company, however all contributions are by the individual, the Company does not have any obligation to contribute to these policies at all and has no plans to add this to staff remuneration packages. OPEU does not run a defined benefit pension scheme. Consequently this risk has been assessed as being nil.

Interest rate risk

This is not considered to be material to OPEU.

Remuneration

OPEU must comply with the FCA's Remuneration Code ("the Code"). The purpose of the Code is to ensure that firms have risk focused remuneration policies, which are consistent with and promote effective risk management and do not expose themselves to excessive risk. We have reviewed all existing employment contracts to ensure they comply with the Code.

Senior management is responsible for setting the Remuneration Policy Statement for all staff and the compliance oversight officer is a member of the senior management team.

The Code can be applied in a proportionate way and OPEU is in proportionality level three. *As such Senior Management has determined that the following rules are not proportionate to OPEU and have not implemented these detailed rules:*

- SYSC 19A.3.44 - Leverage;
- SYSC 19A.3.47 - Retained shares and other instruments;
- SYSC19A.3.49 - Deferral; and
- SYSC 19A.3.51, 19A.3.52 - Performance adjustment

Variable remuneration is not based solely on the financial performance of the individual. Senior management also considered the individuals overall (non-financial) performance to the whole team and the overall results of the fund/firm. The performance of the individual is assessed over the entire year.

Quantitative information

The following business areas received the following aggregate amount of remuneration (\$ millions):

Business line A: US Equities	4.86
Business line B: International Equities	0.81
Business line C: Fixed Income	5.25
Business line E: Investment Banking	3.82
Business line F: Support	2.72