

Pillar 3 Disclosure

Introduction

The Capital Requirements Directive (“CRD”) of the European Union created a revised regulatory capital framework across Europe governing the capital requirements of financial services firms. In the United Kingdom this is implemented by the Financial Conduct Authority. The FCA framework consists of three Pillars

1. Pillar 1 defines the minimum capital requirements through the measurement of credit, market and operational risk.
2. Pillar 2 requires the firm to assess whether additional capital is required due to firm-specific risks not addressed in Pillar 1.
3. Pillar 3 addresses transparency in information disclosure.

Policy and Approach

Information in this disclosure has been approved by Velocity Trade International Ltd’s (“VTI”) Board of Directors and has been prepared to meet the Pillar 3 disclosure requirements. The Board of Directors do not consider that Pillar 3 disclosures need to be made more frequently than annually unless there has been a material change.

Risk Management

VTI’s approach to risk management is the development of systems and controls to mitigate the risk of its business. VTI has permission for the following; Contract for Differences, Options, Rights to or interests in investments, Rolling spot forex contracts and Spread Bets. Sound risk management is key to the success of VTI.

Capital Resources

As at 31 March 2021 and throughout the year VTI has complied with the capital requirements. As at 31 March 2021 VTI had total capital resources of £6.6m. VTI is a EUR125k IFPRU firm.

Risk Assessment

The risks faced by VTI and the controls operating over such risks are regularly reviewed by senior management. These risks are mitigated by the implementation of sound systems and controls and through corporate governance arrangements. VTI has assessed these risks in its ICAAP.

Liquidity Risks	VTI ensures that the required liquidity resources are maintained at all times. Client Monies are held in client money accounts in accordance with FCA rules. VTI does not use sophisticated treasury operations, client balances are maintained as on demand deposits.
Market Risks	VTI does not hold any principal positions acting as broker in the transaction and thus market risks are minimal.
Competition Risks	Foreign Exchange is a competitive market; VTI works to ensure that its products and staff are of the highest level to ensure it remains competitive.
Credit Risks	The main credit risks faced by VTI are the banks and prime brokers it uses for hedging transactions and placing client funds. VTI uses predominantly its shareholder banks and tier one banks.

Operational Risks	The operational risks include systems, people, legal, compliance amongst other factors. These operational risks are mitigated by VTI's control environment which includes documented systems, procedures and controls within the key processes combined with managerial oversight.
Regulatory Risks	The financial services sector that VTI operates is heavily regulated and is currently in a period of significant change. VTI monitors the changes in regulation with the assistance of consultants to ensure compliance.

Capital Management

VTI has adopted the standard approach to capital requirements with objectives of complying with the FCA's capital requirements, ensuring its operation as a going concern and providing a strong capital base to grow its business.

ICAAP

VTI undertakes an Internal Capital Adequacy Assessment Process (ICAAP) at least annually or more frequently if required. The calculated required capital as at the last ICAAP as at 11th May 2021 was £393,000.