Pillar 3 Disclosure

The Capital Requirements Directive (the "**Directive**") of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital that credit institutions and investment firms must maintain. In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ("**FCA**") in its regulations through the General Prudential Sourcebook ("**GENPRU**") and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("**BIPRU**").

The FCA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the credit, market and operational risk of Viking Global Investors Europe LLP (the "**Firm**");

- Pillar 2 requires the Firm to assess whether its Pillar 1 capital is adequate to meet its risks and is subject to annual review by the FCA; and

- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This document is designed to meet the Firm's Pillar 3 obligations.

The Firm is permitted to omit required disclosures if it believes that the information is immaterial such that omission would not be likely to change or influence the decision of a reader relying on that information.

In addition, the Firm may omit required disclosures where it believes that the information is regarded as proprietary or confidential. The Firm considers proprietary information to be that which, if it were shared, would undermine the Firm's competitive position. Information is considered to be confidential where there are obligations binding the Firm to confidentiality with its customers, suppliers, counterparties, employees and investors.

The Firm has made no omissions on the grounds that such omitted information is immaterial, proprietary or confidential.

Scope and application of the requirements

The Firm is authorised and regulated by the FCA and, as such, is subject to minimum regulatory capital requirements. The Firm is categorised as a BIPRU firm by the FCA for capital purposes. It is an investment management firm and, as such, has no trading book exposures.

The Firm is a member of a group and is required to prepare consolidated reporting for prudential purposes. The Firm does not foresee any impediments to the prompt transfer of capital between group entities should the need arise and there are no differences in the basis of consolidation for accounting and prudential purposes.

Risk management

The Firm is governed by its members ("**Principals**"), who determine its business strategy and risk appetite. They are also responsible for ensuring strong governance and risk management.

As part of risk assessment, the Principals consider financial exposures, potential operational issues as well as baseline and downside performance. The Principals manage risk though a framework of policies and procedures that take into account relevant laws, standards, principles and rules (including FCA principles and rules). These policies and procedures are updated as required.

While risk management is continuous, the Principals undertake an annual review of risks, controls and other mitigating arrangements and assess their effectiveness. They also consider potential financial impact and determine whether the Firm's existing regulatory capital is adequate.

Regulatory capital

The Firm, a Limited Liability Partnership, is majority owned and controlled by Viking Global Investors Europe Management Ltd (the "**Corporate Member**") (together the "**UK Group**"). The Firm reports its regulatory capital requirements on both a consolidated basis as the UK Group and on a standalone basis. Regulatory capital as of 30 June 2020 is summarised as follows:

UK Group	
Capital resource	**£'000**
Share capital	235
Minority share interest	10
Audited reserve	11,153
Total	**11,398**

Firm	
Capital resource	**£'000**
Share capital	938
Minority share interest	10
Audited reserve	395
Total	**1,343**

The components of the UK Group's regulatory capital resources are as follows:

Capital item	**£'000**
Tier 1 capital less innovative tier 1 capital	11,398
Total tier 2, innovative tier 1 and tier 3 capital	-
Deductions from tier 1 and tier 2 capital	-
Total capital resources, net of deductions	11,398

The components of the Firm's regulatory capital resources are as follows:

Capital item	**£'000**
Tier 1 capital less innovative tier 1 capital	1,343
Total tier 2, innovative tier 1 and tier 3 capital	-
Deductions from tier 1 and tier 2 capital	-
Total capital resources, net of deductions	1,343

The Firm's business and risk profile are limited in scale. Its market risk is limited to foreign exchange risk on accounts receivable in foreign currency, and credit risk is largely related to service fees receivable. The Firm follows the standardised approach to measuring market risk, and the simplified standard approach to measuring credit risk. The Firm is not required to calculate an operational risk capital charge but considers operational risk as part of its overall risk management framework.

As a BIPRU firm, the Firm's capital requirements are the greatest of:

- Its base capital requirement of €50,000;
- The sum of its market and credit risk requirements; or
- Its Fixed Overhead Requirement.

The Firm is currently bound by the sum of its market and credit risk requirements.

At present, the Regulatory Requirement is £884,378 and £884,385 for the Firm and UK Group, respectively. The Firm's current capital of £1,343,395 exceeds the requirement by £459,019, which represents a solvency ratio of 151.90%. The UK Group's current capital of £11,398,338 exceeds the requirement by £10,513,953, which represents a solvency ratio of 1,288.84%.

Remuneration

Proportionality

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA has sought to apply proportionality in the first instance by instituting two tests. Firstly, a firm that is significant in terms of its size must disclose quantitative information referred to in BIPRU 11.5.18R at the level of senior personnel. Secondly, that a firm must make disclosure that is appropriate to the size, internal organisation and the nature, scope and complexity of their activities.

The firm is not 'significant', that is to say has relevant total assets <£50bn and so makes this disclosure in accordance with the second test (BIPRU 11.5.20R(2)).

Decision-making process

The Firm is not required to establish a Remuneration Committee. The Corporate Member is the key decision maker in relation to the Firm's Remuneration Policy and reviews the Remuneration Policy from time to time.

Link between pay and performance

Executives receive fixed and variable remuneration. Group, Firm and individual performance are key inputs into variable remuneration. Investing professional performance is assessed over a multi-year period of time to ensure that staff incentives are aligned to the funds' long-term objectives. Performance assessments also take into account non-financial criteria such as risk management, regulatory compliance and peer reviews.

Aggregate information

The Firm has only one business activity. The Firm is permitted to omit disclosures relating to the aggregate quantitative information for its business. The Firm is also permitted to omit disclosures relating to aggregate quantitative information on remuneration, broken down by senior management and members of staff who have a material impact on the Firm's risk profile. Given that the Firm has only two members of relevant staff, the disclosure of both requirements would have the unintended consequence of indirectly disclosing personal information relating to each individual. This would undermine the confidentiality obligations that the Firm has towards both members of relevant staff and breach relevant data protection legislation.

Relevant period

The Firm is disclosing information in accordance with the Remuneration Code for the period 1st July 2019 to 30th June 2020.