Tudor, Pickering, Holt & Co. International, LLP

Pillar 3 Disclosure and Policy for an IFPRU Firm as at: 30 June 2017

Introduction

Regulatory Context

Under the CRDIV framework Tudor, Pickering, Holt & Co. International, LLP ("TPH International") or the ("Firm") is required to make certain disclosures. These disclosure requirements cover relevant risks that apply (e.g. own funds, credit risk, securitisation, market risk, operational risk) as well as information about a firm's risk management, exposures, risk weighting and capital requirements.

Whilst some of the disclosures have been captured within the FCA's Senior Management Arrangements: Systems and Controls (SYSC) Sourcebook, the majority of requirements are contained within Part Eight of Regulation (EU) No 575/2013 (Capital Requirements Regulation - 'CRR').

Frequency

The Firm will be making these disclosures each year in line with our internal policy and assessment of the CRR requirements to adequately convey our risk profile.

Media and Location

The disclosure will be published on the Firm's website.

Verification

For the avoidance of doubt and unless otherwise noted, this document contains the relevant disclosures for the period ending 30 June 2017 in accordance with Part Eight of the CRR. Where additional disclosures have been made, reference has been made to the relevant rules in order to demonstrate compliance with these additional disclosures.

The disclosures made within this document have been reviewed and approved by the Firm's governing body and have not been subject to external audit except where they are equivalent to those prepared under accounting requirements for inclusion in the financial statements.

Materiality, Confidentiality and Proprietary & Confidential Information

To achieve an appropriate balance between the information needs of stakeholders and the potential drawbacks of disclosures for institutions, both in terms of costs and business impact, the CRR contains specific provisions whereby firms may omit one or more items of information included in the disclosure requirements in cases where the information provided by such disclosures is not regarded as material or is regarded as proprietary or confidential. One or more disclosures may be omitted (except for disclosures on Diversity, Own Funds and Remuneration in line with CRR Article 432(1)).

The Firm has reviewed the guidelines on materiality, proprietary and confidentiality and frequency, detailing the information that institutions in the EU banking sector should disclose under Part Eight of the CRR. In determining the relevance of these guidelines, the Firm may omit information that is not material. In this context, materiality can be taken to mean where its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions.

The Firm regards information as proprietary if sharing that information with the public would undermine its competitive position. Proprietary information may include information on products or systems which, if shared with competitors, would render the Firm's investments therein less valuable. Further, the Firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality. In the event that any such information is omitted, the Firm shall disclose such and explain the grounds why it has not been disclosed.

Summary

These disclosures address the information asymmetry between preparers and users, by providing the latter with information on the solvency, risks and risk exposures of institutions. The Firm is an IFPRU €50k Limited Licence investment firm. The Firm does not hold client funds and does not currently engage in trading activities.

Listed below is what the Firm considers to be the main risks it faces:

- Business risk
- Risk to revenues of market fluctuations or significant decrease of interest in the energy sector
- Loss of significant portion of the client base
- Inability to attract new clients
- Competitive or economic pressure to reduce charge levels

Background to the Firm

Background

The Firm is incorporated in the UK and is authorised and regulated by the FCA as an IFPRU €50k Limited Licence Firm.

This disclosure is made on the basis that the Firm is not part of a consolidated group and reflects the accounting and prudential requirements for TPH International alone.

Article 435

Disclosure: Risk Management Objectives and Policies

Article 435 (1)

The Firm is required to disclose its risk management objectives and policies for each separate category of risk which include: (i) the strategies and processes to manage those risks; (ii) the structure and organisation of the relevant risk management function or other appropriate arrangement; (iii) the scope and nature of risk reporting and measurement systems; and the policies for hedging and mitigating risk; and (iv) the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.

The Firm has assessed its risks in its Internal Capital Adequacy Assessment Process ('ICAAP') and sets out appropriate actions to manage them.

The Firm is governed by its Management Committee (hereinafter, the "Committee"). The Committee has oversight responsibility. It meets quarterly and is composed of:

- Alexandra Pruner (Chief Financial Officer of Perella Weinberg Partners, LLC ("PWP"), the Firm's ultimate parent company);
- Geraldine Murphy (partner of the Firm);
- Anish Kapadia (Head of the UK research business)

The Committee is responsible for the entire process of risk management, as well as forming its own opinion on the effectiveness of the process. In addition, the Committee decides the Firm's risk appetite or tolerance for risk and ensures that the Firm had implemented an effective, ongoing process to identify risks, to measure their potential impact and then to ensure that such risks are actively managed. Senior Management are accountable to the Committee for designing, implementing and monitoring the process of risk management and implementing it into the day-to-day business activities of the Firm.

As the Firm is non-complex in its business and operations, the Committee considers the risk management systems in place as adequate and proportionate with regard to the Firm's profile and strategy.

Risk Framework

Risk within the Firm is managed by use of the following:

- Financial reporting and review of financials
- Process controls and separation of duties
- Comprehensive compliance policies and procedures
- Compliance monitoring and information management consisting of:
    1. Monitoring of employee personal accounts
    2. Monitoring employee outside activities
    3. Monitoring of electronic communications
    4. Monitoring of its FCA regulated activities and compliance arrangements as part of its risk based Compliance Monitoring Programme

Article 435 (2)(a) – 435 (2)(e)

The Firm has no outside directors. The members of the Committee are appointed having regard to their individual knowledge, skills and experience and the combined knowledge, skills, experience and diversity of the Committee as a whole.

When appointing members of the Committee, the Firm adheres to UK and European legislation in relation to equal opportunities and is committed to treating all applicants for positions and employees in a non-discriminatory manner. The firm will also pay due regard to ensuring a broad range of knowledge, skills, diversity and experience is present on the Committee.

For the period ending 30 June 2017, the Firm did not have a Risk Committee. The Firm does not consider it appropriate because of the size, nature and scale of its operations to establish a separate Risk Committee as all functions that would be carried out by it are adequately addressed by Senior Management and the governing body.

The Committee meets on a regular basis and receives reports on the operations and business areas of the Firm. Where necessary, appropriate measures are implemented to mitigate any actual or potential risks.

Article 437
Disclosure: Own Funds

The Firm is an IFPRU €50k Limited Licence Firm. The Pillar 1 requirement for the Firm is set out at Article 95(2) of the CRR and is the higher of the credit risk capital requirement and the market risk capital requirement, or the Fixed Overheads Requirement (FOR) which equated to one quarter of the Firms relevant fixed expenditure.

The 'Total Risk Exposure Amount' (TREA), which, for TPH International is defined as 12.5 times the FOR is the amount used for Pillar 1 Capital Adequacy purposes. TPH International has no innovative Tier 1 capital instruments or deductions. At 30 June 2017 the Firm had:

	GBP (000's)
Eligible Members Capital	£8,893,801
Retained Earnings	(£8,552,882)
Total Common Equity Tier 1 Items	£**340,919**
Deductions from Common Equity Tier 1	
Deferred Tax	£0
Common Equity Tier 1 Capital	£340,919
Additional Tier 1 Capital	£0
Tier 1 Capital	£340,919
Tier 2 Capital	£0
Eligible Capital and Own Funds	
Total Risk Weighted Exposure Amount ('TREA')	£3,560,837
Common Equity Tier 1, Tier 1 Capital & Total Capital Ratio	9.58%
Surplus Capital over Pillar 1 Own Funds Requirement	£56,052

The Total Common Equity Tier 1 capital of £341k ties to the Q2 2017 COREP report of TPH International.

The Common Equity Tier 1, Tier 1 Capital and Total Capital Ratio of 9.58% exceed the minimum ratios by 4.5%, 6.0% and 8.0% respectively.

The above calculations are based on the firm having TREA of £3,560,837 based on its underlying Fixed Overheads Requirement of £284,867.

Article 438
Disclosure: Capital Requirements

The Firm has adopted the "Pillar 1 plus" approach to the calculation of its ICAAP Capital Resources Requirement as outlined in the Committee of European Banking Supervisors Paper, 25 January 2006.

The ICAAP assessment is reviewed by the Committee and amended where necessary, on a quarterly basis or when a material change to the business occurs. The ICAAP document is presented to the Committee of the Firm which reviews and endorses the risk management objective each year or when a material change to the business occurs at the same time as reviewing and signing off the ICAAP document.

To meet our Capital Requirement, TPH International is required to hold the greater of:

- Base capital requirement of €50,000; or
- The sum of the Credit Risk Capital Requirement and Market Risk Capital Requirement based on a risk weighted balance sheet; or
- The Fixed Overheads Requirement.

plus

- Any Pillar 2 capital add-on requirement identified in the ICAAP.

Credit Risk

For the Pillar 1 calculation of Credit Risk, the Firm as an IFPRU uses the 'Standardised' Approach as detailed under Article 112.

Under this approach, depending on the nature of the debt, credit risk exposure is charged either at 8% or a lower limit of 1.6% for balances at recognised credit institutions or those held for less than 90 days.

Article 112 exposure	8% of risk weighted exposure amount
exposures to central governments or central banks;	£0
exposures to regional governments or local authorities;	£0
exposures to public sector entities;	£0
exposures to multilateral development banks;	£0
exposures to international organisations;	£0
exposures to institutions;	£0
exposures to corporates;	£0
retail exposures;	£0
exposures secured by mortgages on immovable property;	£0

exposures in default;	£0
exposures associated with particularly high risk;	£0
exposures in the form of covered bonds;	£0
Items representing securitisation positions;	£0
exposures to institutions and corporates with a short-term credit assessment;	£33,589
exposures in the form of units or shares in collective investment undertakings ("CIUs");	£0
equity exposures;	£0
other items.	£3,675
Total	**£37,264**

Operational Risk & Fixed Overhead Requirement

TPH International is not subject to a Pillar 1 Operational Risk requirement and so the Fixed Overhead Requirement (FOR) is disclosed as a proxy for Operational Risk. Our Pillar 1 Capital Resources Requirement is the higher of the FOR or the sum of Market Risk Capital Requirement and Credit Risk Requirement.

Fixed Overhead Requirement	**£284,867**

Article 439
Disclosure: Exposure to Counterparty Credit Risk

While the Firm retains permissions it does not operate a trading book and therefore is not exposed to counterparty credit risk and so therefore the Firm does not believe a disclosure is required under this section.

Article 440
Disclosure: Capital Buffers

This disclosure is not applicable as the Firm is not required to have any capital buffers (as an IFPRU €50k Limited Licence Firm, they are not applicable under CRD IV).

Article 441
Disclosure: Indicators of Global Systemic Importance

This disclosure is not applicable as the Firm is not considered a ‘Global Systemically Important Institution’.

Article 442
Disclosure: Credit Risk Adjustments

The Firm is an IFPRU €50k Limited Licence Firm and does not hold client money or assets on its balance sheet, nor does it undertake lending activities and therefore TPH International is primarily exposed to Credit Risk from the risk of non-collection of fees and commissions and of money held on deposit with credit institutions.

Thorough due diligence of prospective clients is undertaken by management, which includes creditworthiness. All cash balances are held with banks that have high credit ratings.

Consequently risk of past due or impaired exposures is minimal. An asset is considered past due when a counterparty has failed to make a payment when contractually due. Impairment is defined as a reduction in the recoverable amount of a fixed asset or goodwill below its carrying amount.

Article 443
Disclosure: Unencumbered Assets

The Firm does not currently have any encumbered assets, however this position is regularly monitored with the "COR005 Asset Encumbrance" COREP return submitted by the Firm on a quarterly basis.

Article 444
Disclosure: Use of ECAIs

The Firm does not use any ECAIs (External Credit Assessment Institutions) nor would this be expected given the Firm's business and operations.

Article 445
Disclosure: Exposure to Market Risk

Article 92(3)(b) & (c), own funds requirements for non-trading book business.

Item	Own Funds Requirement
Foreign Exchange Risk	£0
Settlement Risk	£0
Commodities Risk	£0
Total	**£0**

For the avoidance of doubt, the Firm does not hold securitisation positions and therefore there is no Specific Interest Rate Risk to disclose.

Article 446
Disclosure: Operational Risk

TPH International as noted above under Article 438 is a Limited License firm and therefore is not subject to the Own Funds Requirement for Operational Risk.

Article 447
Disclosure: Exposures in Equities not included in the Trading Book

This disclosure is not required as the Firm does not have any non-trading book exposure to equities.

Article 448
Disclosure: Exposures to Interest Rate Risk on Positions not included in the Trading Book

Although the Firm has substantial cash balances on its balance sheet, there is currently no exposure to Interest Rate fluctuations.

Article 449
Disclosure: Exposure to Securitisation Positions

This disclosure is not required as the Firm does not securitise any assets.

Article 450
Disclosure: Remuneration Policy and Practices

Due to the size of the Firm, it does not consider it appropriate to have a separate remuneration committee, as required by SYSC 19A.3.12R. Instead this function is undertaken by the Committee with input from Management, including Finance, Compliance and Human Resources. This will be kept under review and, should the need arise, the Firm will establish such a committee.

The Firm has implemented an appropriate Remuneration Policy which is reviewed by the Committee at least annually.

Staff remuneration comes in two parts, base salary and discretionary bonus. Overall responsibility for all employee remuneration lies with the senior management, subject to Committee approval.

Base Salary

Base salaries are reviewed annually. The Committee meets with the department heads to assess the existing remuneration and whether any changes are required. Each relevant individual's performance with respect to specific deliverables and objectives, the wider strategic aims of the department and the Firm form part of the assessment. The Committee will also make reference to benchmarks within the industry. All base salaries are submitted and subject to a formal review by the Committee.

Discretionary Bonus Pool/Variable Remuneration

Discretionary Bonuses are paid annually and are in general a function of revenue and qualitative performance for the year.

The Firm is a Remuneration Code Proportionality Level 3 firm and has applied the rules appropriate to its Proportionality Level. All variable remuneration is adjusted in line with capital and liquidity requirements.

Remuneration Code Staff Remuneration by Business Area

For the year ending 31 December 2016, total Code Staff Remuneration was as follows:

Business Area	Total Remuneration (000's GBP)
Matched Principal Business	£0
Other Business Area	£7,448,767
Total	**£7,448,767**

Aggregate Quantitative Remuneration by Senior Management and other Remuneration Code Staff

Remuneration Type	Senior Management and Significant Influence Functions	Other Code Staff
Fixed Remuneration	£576,646	£0
Variable Remuneration	£6,872,121	£0
Total Remuneration	**£7,448,767**	**£0**

Overall for the year ending 31 December 2016, the total remuneration between remuneration Code Staff was: £7,448,767.

Article 451

Disclosure: Leverage

This disclosure is not applicable as the Firm does not directly employ any leverage.

Management Body (SYSC 4.3A and CRD)

As an investment firm subject to CRD IV, we are required to disclose information (via our website) regarding the managing body of the Firm which includes:

- Explaining the obligations placed upon the management body;
- Ensure that as a firm we embrace diversity and;
- Place adequate resources for the employment of reputable and competent board members and appropriate induction and training programmes.

We can confirm that the chairman does not simultaneously exercise the CEO function as the CEO function is fulfilled by local senior management with oversight by the Committee (SYSC 4.3A.2R) and the Firm are not considered a 'significant IFPRU firm'. The members of the governing body do not hold more directorships than is appropriate.

The Committee is the decision-making forum for the entity and sets out the internal governance structure for the Firm. It has overall responsibility for management of the business and establishing business strategy and risk management, and is accountable to its members for financial and operational performance. It oversees and appoints the CF10 and CF11 (compliance and anti-money laundering roles) and is responsible for signing off the Firm's compliance monitoring programme. It reviews formal reports from staff performing these functions on an annual basis (and receives MI on a regular basis which is discussed as a regular agenda item at all committee meetings).

The Committee considers strategic issues and ensures the company manages risk effectively through approving and monitoring the company's risk appetite and considering stress scenarios, as well as monitoring and employing the relevant staff and third parties (i.e. our auditors) to ensure the Firm manages its resources prudently (assessed formally via our ICAAP and is a constant presence on the boards agenda).

The Firm has a formal Equal Opportunities Policy in place, which is reviewed annually, and our human resources department is adequately resourced (on a proportionate basis given the size of the Firm and responsibilities of the Committee) to recruit, induct and train staff to ensure their competency, reputation and skill set for the roles they are performing.