



UK Disclosures

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Modern slavery act statement

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 (UK) (“MSA”) in respect of the following entities: Millennium Capital Management Limited, Millennium Capital Partners LLP and MCP (Switzerland) S.à r.l. (the “UK Group”).

Our business

Millennium Management LLC and its affiliates, including the UK Group (collectively, “Millennium”) is a global investment management firm founded in 1989. Millennium, which has its headquarters in New York, USA, employs a global multi-strategy approach.

Our structure

Millennium Capital Partners LLP (“MCP”) is a sub-advisor to Millennium.

MCP is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

MCP is controlled by its managing member, Millennium Capital Management Limited (“MCML”), a UK company. MCP (Switzerland) S.à r.l., a Swiss investment manager, is also controlled by MCML.

Our supply chain

The UK Group’s business operates in a low-risk sector and region. We are nonetheless committed to taking appropriate steps to ensure there is no modern slavery or human trafficking in our supply chains or in any part of our business.

We expect our suppliers to comply with all applicable laws and regulations in conducting their businesses.

Policies; Awareness and Training

We have various policies in place that are designed to address compliance with applicable laws and regulations, including those relating to money laundering, bribery, incident and issue escalation policy, equal opportunities, non-harassment and discrimination.

We have taken steps to educate appropriate personnel of the UK Group and other individuals within Millennium that have responsibility for procurement and vendor management regarding the requirements of the MSA. Although we believe there is low risk of our vendors having involvement in slavery and trafficking, we have a vendor review process that is designed to identify potential higher risk vendors.

The effectiveness of the steps taken to ensure there is no slavery or human trafficking in our supply chain will be kept under periodic review. We will continue our efforts in raising awareness and educating our staff and supply chain.

This statement is made pursuant to section 54(1) of the MSA and constitutes our slavery and human trafficking statement for the financial year end 2016.

This statement was approved by the board of directors on 28 June 2017.

Millennium Capital Partners LLP

Pillar 3 disclosure 2017

1. Introduction

1.1. Company Overview

“Millennium Group” is a global, multi-asset investment management organisation with its headquarters in New York, USA. Millennium Group has been managing investor assets since 1989 and manages approximately \$34 billion as of June 2017.

Millennium Capital Partners LLP (“MCP”) is a sub-advisor to Millennium International Management LP (“MIM”), a US-based and SEC-regulated investment manager within the Millennium Group as well as certain affiliates of MIM. Pursuant to its contract with MIM, MCP is appointed to provide portfolio management services and related services in relation to some of the assets of Millennium Partner L.P. and certain of its trading subsidiaries (collectively, the “Fund”).

MCP is authorised and regulated by the Financial Conduct Authority (the “FCA”) in the United Kingdom. MCP is classified by the FCA as a BIPRU firm.

MCP is controlled by its managing member, Millennium Capital Management Limited, a UK company (“MCML”). MCML is defined as a “Parent Financial Holding Company in a Member State”, and together with MCP, and with MCP (Switzerland) GmbH (a Swiss investment manager also controlled by MCML) (“MCPS”), forms a UK consolidated group (the “UK Group”). Except where stated to the contrary, the analysis below is conducted at the UK Group level.

1.2. Regulatory Context

The Pillar III disclosure of the UK Group is set out below as required by the Financial Conduct Authority’s (“FCA”) “Prudential Sourcebook for Banks, Building Societies and Investment Firms” (“BIPRU”) specifically BIPRU 11.3.3 R. The regulatory aim of the disclosures is to improve market discipline through increased transparency.

As a BIPRU firm from 1 January 2014, the UK Group is subject to the Third Capital Requirements Directive (“CRD”). The CRD requirements have three pillars:

- Pillar I sets out the minimum capital requirements against operational, credit and market risk;
- Pillar II requires firms to assess their capital adequacy, taking into account all risks and to assess whether additional capital should be held to cover risks not adequately covered by Pillar I requirements. This is achieved through the Internal Capital Adequacy Assessment Process (“ICAAP”);
- Pillar III complements Pillars I and II and requires firms to publish information on their capital resources and Pillar I requirements, risk exposures and their risk management framework.

1.3. Scope of Pillar III Disclosures and Basis of Consolidation

The UK Group is subject to the disclosures under the Banking Consolidation Directive. It is a member of a “UK Consolidation Group” and reports on a consolidated basis for accounting and prudential purposes.

1.4. Frequency

The UK Group will be making a Pillar III disclosure annually or more frequently if there is a material change to the business. The disclosures will be as at the applicable Accounting Reference Date (“ARD”).

1.5. Verification

The Pillar III disclosures are reviewed and verified by the Board of MCP.

The information contained in this document has not been audited by the UK Group's external auditors and does not constitute any form of financial statement and must not be relied upon in making any judgement on the UK Group.

1.6. Materiality

The UK Group regards information as material in disclosures if 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. If the UK Group deems a certain disclosure to be immaterial, it may be omitted from this statement.

1.7. Confidentiality

The UK Group 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 UK Group's investments therein less valuable. Further, the UK Group must regard information as confidential if there are obligations to customers or other counterparty relationships binding the UK Group to confidentiality.

2. Governance and Oversight

The Board is the governing body of the UK Group and meets at least quarterly. It plays a central role in the establishment and oversight of the firm's risk management framework and policies, implements effective risk governance and sets risk appetite for the UK Group.

The Board is responsible for establishing a strong risk culture and promotes the continuous improvement of systems and controls throughout the UK Group.

The Board is also responsible for the Internal Capital Adequacy Assessment Process ("ICAAP"), understanding the level of risk undertaken and ensuring adequate capital levels are maintained.

Senior management, including certain members of the Board, business heads and heads of control functions, have primary responsibility for the implementation and oversight of the risk management framework and are accountable for the identification, assessment, mitigation and escalation of risks within their areas.

The UK Group risk governance is complemented by Global Committees which have UK Group representation as appropriate.

3. Risk Management

Risk is an inherent part of the UK Group's business and activities. The Board recognises that the extent to which the UK Group properly and effectively identifies, assesses, mitigates and monitors its risks is critical to the UK Group's financial soundness and profitability.

Department heads and line management are accountable for the risk arising from their activities as well as seeking to ensure that adequate controls are in place to support those processes. This is complemented by oversight functions – Risk Management, Compliance, Legal, Operational Risk, Human Resources – who are each responsible for various oversight policies and procedures, independent monitoring and challenge. Further support is provided by Management Controls & Internal Audit (MCIA) who is responsible for evaluating and recommending improvements to the UK Group's control structure, systems, and policies and procedures for controlling operational, technological, financial and reputational risk.

The Board is ultimately responsible for establishing risk governance and oversight, and for setting risk appetite and limits. It is the responsibility of the UK Group's senior management to implement the Board's risk management framework, to identify, assess and manage their risks, and to escalate to the Board risk exposures that are outside of appetite.

The UK Group identifies its Principal Risks as Credit, Market, Operational, Business and Liquidity Risk.

Risks identified through the risk management framework are assessed as part of the UK Group's ICAAP process to ensure appropriate capital levels in relation to the UK Group's risk profile. On a quarterly basis the functional heads of the UK Group report to the Board on all key aspects, including material changes and updates of the business, for which they are responsible. Should any material changes be identified this would be brought to the attention of the Board.

Reputational risk is viewed as an undesirable consequence of the manifestation of any of our Principal Risks. Reputational impacts are considered along with financial and regulatory impacts when performing risk and capital assessments. Maintaining the UK Group's reputation is of considerable importance and the Board and senior management seek to minimise reputational damage by managing its Principal Risks effectively.

4. Principal Risk Exposures

The following are the risks that are considered for capital adequacy assessment.

4.1. Credit Risk

Credit risk refers to the risk of incurring losses resulting from a counterparty's failure to repay a loan or meet its other payment/settlement related contractual obligations.

The UK Group is primarily exposed to credit risk from the risk of MIM LP's inability to pay its obligations to the UK Group or exposure to failure of banking institutions. To date MIM LP has never failed to pay the UK Group its investment management fee since inception in 2002. Additionally all cash is held at reputable global banks with high credit ratings. Counterparty exposures are actively monitored with established escalation protocols to deal with catastrophic events. As a result of this as well as the track record on payment of investment management fees, the credit risk exposure to the UK Group is low and no additional capital is required to be held.

The UK Group has adopted the standardised approach for credit risk to calculate the minimum capital requirements under Pillar I.

4.2. Market Risk

Market risk refers to the potential for uncertainty and losses due to fluctuations in market-driven factors such as interest rates, credit spreads, foreign exchange, commodity prices, and equity prices.

MCP does not have a proprietary trading book and does not carry any material interest rate risk in its non-trading book.

Market risk exposure has been assessed by the UK Group and determined that its primary exposures are to unhedged currency exposure on the balance sheet of the non-trading book.

4.3. Operational Risk

Operational Risk is the risk of loss caused by inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk. The UK Group seeks to minimise operational risk through its risk governance and operational risk framework.

On an annual basis the UK Group identifies and assesses its key risks, taking into consideration the design and effectiveness of controls. As part of the ICAAP process, the UK Group uses these risk assessments to determine whether any additional operational risk capital is needed to support the risks not adequately covered by Pillar I.

4.4. Business Risk

Business risk is the risk of loss inherent in the UK Groups operating, business and industry environment, impacting the ability of the UK Group to carry out its business plan or desired strategy.

The UK Group is primarily exposed to business risk from MIM terminating the Sub Advisory Agreement

Increased costs driven by changes in government policies, regulation or tax could make it unviable for Millennium Group to continue paying the UK Group's expenses.

The UK Group assesses business risks by modelling the effect of scenarios and stress tests on its capital planning forecasts and setting out actions to ensure it has adequate regulatory capital.

4.5. Liquidity Risk

Liquidity risk is defined as the risk that a UK Group, although solvent, either does not have available sufficient financial resources in readily realizable form to enable it to meet its obligations as they fall due, or is only able to secure such resources at excessive and/or punitive cost.

To meet these requirements, the UK Group has in place liquidity systems and controls which include the management of liquidity risk via scenario and stress testing of the UK Group's cash flow forecast and the establishment of management actions and contingency funding plans. The UK Group is also obliged, as a consequence of SUP 16.12, to report annually to the FCA that it has adequate "liquidity systems and controls".

5. Capital Resources

The UK Group is a BIPRU investment firm without an investment firm consolidation waiver deducting material holdings under GENPRU 2 Annex 4. The UK Group's activities give it the BIPRU categorisation of a "limited licence" firm. As a consequence of being a regulated entity, the UK Group as a whole is subject to the same regulatory classification as MCP.

The UK Group has Tier 1 capital resources of over £59.9m as at 31 December 2016.

Capital Resources		£m
Tier One Capital	Permanent Share Capital	16.1m
	Audited Reserves	36.0m
	Partnership Capital	7.8m
Total Capital		59.9m

The UK Group has calculated its Fixed Overhead Requirement "FOR" which amounts to £16.7m as at 31 December 2016. The credit and market risk capital requirements of the UK Group amount to less than the FOR. Therefore the overall Pillar I capital requirement of the UK Group is the FOR of £16.7m.

In addition, the UK Group also undertakes an ICAAP in accordance with the requirements to assess the need for additional capital to support the risks not adequately covered by Pillar I.

6. Remuneration Code

The UK Group is a Remuneration Code Proportionality Tier 3 BIPRU limited licence UK Group. The UK Group's Board is responsible for setting and approving the UK Group's written remuneration policy, designed to comply with the FCA's Remuneration Code (the "Code") and associated guidance, as applicable to BIPRU UK Groups. The implementation of the policy is annually subject to central and independent internal review for compliance with the adopted remuneration policy. The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the firm. The remuneration policy is in line with the business strategy, objectives, values and long-term interests of the firm, and encourages responsible business conduct, fair treatment of clients and avoids conflicts of interest in the relationships with clients.

Total compensation of individuals whose professional activities have a material impact on the UK Group's risk profile ("Remuneration Code Staff") includes a base salary and a year-end bonus. Remuneration Code Staff, in accordance with the FCA BIPRU Remuneration Code at SYSC19C of the FCA Handbook and related guidance is comprised of the firm's senior management, risk takers, staff engaged in control functions, and staff in the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the firm's risk profile. The UK Group sets variable remuneration of Remuneration Code Staff with due regard to individual performance (based on financial and non-financial criteria) and the overall results of the firm, and in accordance with the requirements of the Code. These factors may be adjusted for current and future risk, taking into account the specific feature of the firm's activities.

A portion of Code Staff's variable remuneration may be subject to deferral. All variable remuneration is delivered in cash and indexed to the firm's performance. The firm operates recovery provisions.

All Remuneration Code Staff work in the same business area, supporting the UK Group's investment management activities. The aggregate remuneration of Code Staff for the year ending 31 December 2016 was £15.1m, of which £2.5m was awarded to members of senior management, and £12.6m to other Code Staff.

UK tax strategy

“Millennium Group” is a global, multi-asset investment management organisation with its headquarters in New York, USA. This tax strategy sets out Millennium Group’s approach to UK tax, relating to the Millennium Group’s UK entity Millennium Capital Management Limited (“Millennium UK”).

The Millennium UK tax strategy is regarded as complying with Millennium UK’s obligations under Part 2 of Sch. 19, Finance Act 2016. It applies to all applicable UK taxes.

Our approach to UK tax risk management and governance

Millennium UK acts with integrity and is committed to ensuring that it complies with all applicable UK tax laws, including that it pays the right amount of UK tax and tax returns and payments are accurate and made on time.

The Millennium Group’s tax strategy is led and ultimately overseen by the global management team, and implemented and overseen in the UK by the boards of directors of Millennium UK. Through a coordinated effort, which includes contributions from Millennium UK’s various departments, the tax department implements the approach to compliance with the Millennium Group’s tax obligations with oversight from the global management team.

The day-to-day management and implementation of the UK-specific tax strategy is delegated to and coordinated by the international tax manager based in the UK, with assistance from respective personnel located in the UK and the US. The UK-based international tax manager is responsible for all UK tax planning, compliance and reporting. The UK-based international tax manager reports regularly on tax matters to the CEO of Europe, the Global Chief Financial Officer and the Global Head of Tax.

In line with the Millennium Group’s tax strategy, the tax department of Millennium UK collaborates with the wider business groups to identify, monitor and manage tax risks within the business.

Our attitude towards UK tax planning & our acceptance of UK tax risk

Millennium UK has a low appetite towards the assumption of UK tax risk.

Millennium UK considers and takes account of the tax consequences in structuring commercial transactions. Whilst tax efficiency is taken into account in structuring transactions, transactions are led by commercial rather than tax planning motives and use of structures that are artificial or lack commercial substance is avoided. Millennium UK does not use aggressive or marketed tax avoidance arrangements or schemes. Decisions regarding tax planning are evaluated taking into account commercial, operational and reputational factors.

Millennium UK may take advantage of available tax reliefs or well established and accepted structures or arrangements where this is provided for by the law and is aligned to our approach to tax planning.

To the extent possible, Millennium UK aims for certainty on tax positions it adopts. External, tax advice is sought where the tax treatment of transactions under tax law is complex, unclear or uncertain. Millennium UK also frequently engages external tax advisors for tax compliance and advisory assistance, as an additional safeguard to ensure tax compliance and reduce tax risks.

Our approach towards working with HMRC

Millennium UK's practice is to maintain an open, transparent and constructive relationship with HMRC. Additionally, Millennium UK endeavours to respond to all queries raised by HMRC with honesty and integrity and in a comprehensive and timely manner.

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