Retail Investor AIF Application Form Section 13

Risk Management Process

May 2018

**Section 13 Retail Investor AIF Risk Management Process Application Form**

Please complete the following by inserting the information requested and ticking the applicant column of boxes (to confirm compliance), unless otherwise indicated

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Page | |  | | **Paragraph** | |  | | Applicant | |
| 1 | Procedural |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |
| 1.1 | Please categorise the Risk Management Process (RMP) submission: |  | |  | |  | |  | |  | |
|  | 1. New Retail Investor AIF– First RMP |  | |  | |  | |  | |  | |
|  | 1. New sub fund - Amended/New RMP |  | |  | |  | |  | |  | |
|  | 1. Materially amended RMP |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |
| 1.2 | Please confirm the RMP is on the headed paper of the risk |  | |  | |  | |  | |  | |
|  | manager and is dated and signed |  | |  | |  | |  | |  | |
|  |
| 1.3 | Please confirm the cover letter from the Retail Investor AIF contains: |  | |  | |  | |  | |  | |
|  | 1. Details of the risk manager |  | | | | | |  | |  | |
|  | 1. Details of how the Retail Investor AIF will supervise the |  | |  | |
|  | work of the risk manager |  | |  | |
|  | 1. Details of how the Retail Investor AIF will monitor and |  | |  | |
|  | control the applicable compliance and quantitative limits |  | |  | |
|  | 1. Details of escalation procedures in the event of limit |  | |  | |
|  | breaches |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |
| 1.4 | Please confirm the FDI included in the RMP are consistent with |  | |  | |  | |  | |  | |
|  | those included in the supplement/prospectus |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |
| 1.5 | Please confirm the RMP is proprietary to the Retail Investor |  | |  | |  | |  | |  | |
|  | AIF (i.e. not the AIFM etc) |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |
| 2 | General Information |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |
| 2.1 | Details of entities and units responsible for risk and valuations |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |
| 2.2 | Policy on expertise required to trade and manage FDI and |  | |  | |  | |  | |  | |
|  | related risks |  | |  | |  | |  | |  | |
|  |
| 2.3 | Details of expertise currently in place (i.e. personnel |  | |  | |  | |  | |  | |
|  | responsible) |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |
| 2.4 | Details of all FDI to be used with summary of commercial |  | |  | |  | |  | |  | |
|  | purpose |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |
| 2.5 | Details of risks involved to the Retail Investor AIF from using |  | |  | |  | |  | |  | |
|  | FDI |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |
| 2.6 | Description of FDI valuation rules and pricing methodology |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |
| 2.7 | Description of systems and technology used |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |
| 2.8 | Description of policy and procedures re legal risk (in particular |  | |  | |  | |  | |  | |
|  | credit derivatives) |  | |  | |  | |  | |  | |
|  |  |  |  |  |  | |
| 3 | Global Exposure and Leverage[[1]](#footnote-1)\* |  | |  | |  | |  |  | |
|  |  |  | |  | |  | |  |  | |
| 3.1 | Policy on Leverage and Global Exposure |  | |  | |  | |  |  | |
|  | 1. Policy on Asset Cover |  | |  | |  | |  |  | |
|  | 1. Quantitative Limits |  | |  | |  | |  |  | |
|  | 1. Hedging |  | |  | |  | |  |  | |
|  | 1. Position Netting |  | |  | |  | |  |  | |
|  |  |  | |  | |  | |  |  | |
| 3.2 | Description of the methodology to calculate global exposure |  | |  | |  | |  |  | |
|  | (including appropriateness) |  | |  | |  | |  |  | |
|  |
| 3.3 | Commitment Calculation Methodology for each FDI used by |  | |  | |  | |  |  | |
|  | the Retail Investor AIF |  | |  | |  | |  |  | |
|  |
| 3.4 | Example provided on calculation of global exposure – using FDI |  | |  | |  | |  |  | |
|  | traded |  | |  | |  | |  |  | |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 3.5 | Description of methodology on using VaR |  |  |  |  |  |
|  | 1. Description of model used |  |  |  |  |  |
|  | 1. Quantitative Limits |  |  |  |  |  |
|  | 1. Stress Testing Procedures |  |  |  |  |  |
|  | 1. Back Testing Procedures |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 3.6 | Details of VaR model validation (initial & ongoing) |  |  |  |  |  |
|  |
| 3.7 | Details of other risk measures used/described – e.g. tracking |  |  |  |  |  |
|  | error |  |  |  |  |  |
|  |
| 3.8 | Procedures and controls documented, including |  |  |  |  |  |
|  | 1. Monitoring & reporting compliance and quantitative |  |  |  |  |  |
|  | limits |  |  |  |  |  |
|  | 1. Prevention of limit breaches |  |  |  |  |  |
|  | 1. Trade monitoring |  |  |  |  |  |

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| 3.9 | Policy on Issuer Concentration risk |  |  |  |  |  |

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| 4 | Counterparty Exposure |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 4.1 | Policy on counterparty risk exposure, including the following: |  |  |  |  |  |
|  | 1. Counterparty approval (including rating requirements) |  |  |  |  |  |
|  | 1. Use of collateral |  |  |  |  |  |
|  | 1. Netting (legally enforceable netting agreements) |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 4.2 | Description of quantitative standards adopted |  |  |  |  |  |
|  |
| 4.3 | Description of methodology to calculate counterparty |  |  |  |  |  |
|  | exposure |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |
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| 5 | Reporting |  |  |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- |
| 5.1 | Details of reporting procedures and content of Retail Investor |  |  |  |  |  |
|  | AIF’s Annual FDI Report |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  | I confirm that the information set out in this application form is correct and accurately | | | |  |  |
|  | reflects the provisions in the Risk Management Process. I further confirm that that the Risk Management Process meets with the requirements of the European Union (Alternative Investment Fund Managers) Regulations 2013 and the Alternative Investment Fund Rulebook | | | |  |  |
|  | **Signed (Director of Retail Investor AIF/AIFM):**  **Name (in Print):** | | | |  |  |
|  |  | | | |  |  |
|  | **Date:** | | | |  |  |

Any personal data provided by you may be processed by the Central Bank in connection with the performance of its statutory functions. If you have any questions in relation to the processing of your personal data by the Central Bank, you may contact our Data Protection Officer at [dataprotection@centralbank.ie](mailto:dataprotection@centralbank.ie). A copy of the Central Bank’s Data Protection Notice is available at [www.centralbank.ie/fns/privacy-statement](http://www.centralbank.ie/fns/privacy-statement).



1. \* Sections 3.5 – 3.7 are not applicable for Retail Investor AIFs applying the commitment approach **only** to measure global exposure [↑](#footnote-ref-1)