Renaissance Institutional Management (UK) Limited

Report and Financial Statements

Year Ended

31 December 2013

Registered Number 5730810

Renaissance Institutional Management (UK) Limited

Report and financial statements
for the year ended 31 December 2013

Contents

Page:

2	Strategic and Directors' Report
4	Independent auditor's report
6	Profit and loss account
7	Reconciliation of movements in shareholder's funds
8	Balance sheet
9	Cash flow statement
10	Notes forming part of the financial statements
17	Unaudited Pillar 3 Disclosures

Directors

Mendel Mark Silber
James Stephen Rowen
Robert Alexander Crenian

Secretary and registered office

Katten Muchin Rosenman UK LLP, 125 Old Broad Street, London, EC2N 1AR

Company number

5730810

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Renaissance Institutional Management (UK) Limited

Strategic and Directors' Report
for the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year The directors do not recommend the payment of a dividend

Principal activities, trading review, and future developments

Renaissance Institutional Management (UK) Limited (the "Company") was incorporated in England and Wales and is registered with the Financial Conduct Authority ("FCA") to provide services as an intermediary Securities and Futures Firm, effective from 31 July 2006 The Company is a wholly owned subsidiary of Renaissance Institutional Management LLC ("RIM" or the "Parent company")

The Company engages in the introduction, referral, and solicitation of investors on behalf of Renaissance Technologies LLC ("Renaissance") to private investment funds managed by Renaissance Renaissance is the ultimate parent company

Since the year end, the directors have decided to cease the operations of the business with effect from 30 June 2014 As such, the directors have not prepared the financial statements on a going-concern basis The effect of this is explained in note 1

Business review

The performance of the Company is measured in terms of the solicitation and referral of clients to Renaissance and to private investment funds managed by Renaissance

Principal risks and uncertainties

The main financial risk arising from the Company's activities is liquidity risk This is monitored by the board of directors and is not considered to be significant at the balance sheet date

The Company's policy in respect of liquidity risk is to maintain readily accessible bank deposit accounts to ensure the Company has sufficient funds for operations The cash deposits are held in current accounts that earn interest at a floating rate

Directors

The following were directors of the Company during the year

Mendel Mark Silber
James Stephen Rowen
Robert Alexander Crenian

No director had any interest in the ordinary shares of the Company

Mr Silber is an officer of RIM
Mr Silber and Mr Rowen are officers of Renaissance

FCA Pillar 3 Disclosures

Details of the Company's unaudited Pillar 3 disclosures, required under the Chapter 11 of the FCA's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), are appended to these financial statements

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to do the following

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the Company will continue in business As explained in note 1 to the financial statements, the directors do not believe a going-concern basis to be appropriate and these financial statements have not been prepared on that basis

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint BDO LLP will be proposed at the forthcoming Annual General Meeting

On behalf of the Board

M Silber
Director

February 27, 2014

TO THE SHAREHOLDER OF RENAISSANCE INSTITUTIONAL MANAGEMENT (UK) LIMITED

We have audited the financial statements of Renaissance Institutional Management (UK) Limited for the year ended 31 December 2013, which comprise the profit and loss account, the reconciliation of movements in shareholder's funds, the balance sheet, the cash flow statement, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) As described in note1, the financial statements have not been prepared on a going concern basis

This report is made solely to the Company's shareholder, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to it in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Financial Reporting Council's ("FRC") Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the strategic and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Renaissance Institutional Management (UK) Limited

Independent auditor's report *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters, which the Companies Act 2006 requires us to report to you if, in our opinion, any of the following have occurred

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP

Neil Fung-On (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

February 27, 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Renaissance Institutional Management (UK) Limited

Profit and loss account
for the year ended 31 December 2013

	Note	2013 $	2012 $
Turnover	2	**4,093,324**	3,211,429
Gross profit		**4,093,324**	3,211,429
Administrative expenses		**(3,757,003)**	(2,858,264)
Operating profit	5	**336,321**	353,165
Interest receivable		**2,292**	2,186
Interest payable		**48,013**	(49,549)
Profit on ordinary activities before taxation		**386,626**	305,802
Taxation on profit on ordinary activities	6	**11,233**	(177,284)
Profit on ordinary activities after taxation		**397,859**	128,518

All amounts relate to continuing activities
All recognised gains and losses are included in the profit and loss account

The notes on pages 10 to 16 form part of these financial statements

Renaissance Institutional Management (UK) Limited

Reconciliation of movements in shareholder's funds
for the year ended 31 December 2013

	2013 $	2012 $
Profit for the year	**397,859**	128,518
Opening shareholder's funds	**4,813,299**	4,684,781
Closing shareholder's funds	**5,211,158**	4,813,299

The notes on pages 10 to 16 form part of these financial statements

Renaissance Institutional Management (UK) Limited

Balance sheet
at 31 December 2013
Registered Number 5730810

	Note	2013 $	2013 $	2012 $	2012 $
Fixed assets					
Tangible assets	7		**104,338**		138,600
Current assets					
Debtors	8	**1,001,015**		1,032,077	
Cash at bank and in hand		**4,489,113**		4,439,740	
		5,490,128		5,471,817	
Creditors amounts falling due within one year	9	**(185,158)**		(797,118)	
Net current assets			**5,304,970**		4,674,699
Provisions	1		**(198,150)**		-
Net assets			**5,211,158**		4,813,299
Capital and reserves					
Called-up share capital	11		**3,032,351**		3,032,351
Profit and loss account	12		**2,178,807**		1,780,948
Shareholder's funds			**5,211,158**		4,813,299

The financial statements were approved by the Board of Directors and authorised for issue on February 27, 2014

M Silber
Director

The notes on pages 10 to 16 form part of these financial statements

Renaissance Institutional Management (UK) Limited

Cash flow statement
for the year ended 31 December 2013

	Note	2013 $	2013 $	2012 $	2012 $
Net cash inflow from operating activities	16		154,699		796,334
Returns on investments and servicing of finance					
Interest received		2,292		2,186	
Interest paid		(1,117)		(419)	
Net cash inflow from returns on investments and servicing of finance			1,175		1,767
Taxation			(104,964)		(143,710)
Capital expenditure and Financial investment					
Purchase of tangible fixed assets			(1,537)		-
Increase in cash	17		49,373		654,391

The notes on pages 10 to 16 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Since the year end the directors have decided to cease the operations of the business with effect from 30 June 2014 As such, the directors have prepared the financial statements on the basis that the Company is no longer a going concern As a result, a provision for severance payments amounting to $198,150 (2012- nil) has been recognized in these financial statements No further adjustments were required to the carrying values of assets and liabilities Any payments required in respect of lease termination or dilapidations will be borne by Renaissance

Turnover

Turnover represents placement fees for services provided relating to the private placement of securities and the solicitation and referral of clients and investors to Renaissance Turnover is recognised when earned

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives as follows

Fixtures, fittings, and equipment	-	3 - 7 years
Leasehold improvements	-	over term of lease (not to exceed 10 years)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax balances are recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company expects to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Lease

Operating lease rental charges are charged to the profit and loss account on a straight line basis over the term of the lease

1 Accounting policies *(continued)*

Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable The assets of the scheme are held separately in an independently administered fund

Reporting currency

The Company's reporting currency is the US dollar

Foreign currency

Foreign currency transactions are translated into US dollars at the rate that was prevailing when they occurred Foreign currency monetary assets and liabilities are translated at the prevailing rates at the balance sheet date Rates utilised as at 31 December 2013 were $1 - £0 60537 and $1 - €0 72539 (2012 - $1 - £0 61907 and $1 - €0 75673) Any translation gains or losses are reflected in the profit and loss account

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form

2 Turnover

Turnover is wholly attributable to the principal activity of the Company and is received from the Parent company

3 Employees

	2013 $	2012 $
Staff costs consist of the following		
Wages and salaries	**2,113,730**	1,485,354
Social security costs	**192,701**	155,210
Other pension and benefit costs	**162,843**	188,995
Provision for severance (note 1)	**198,150**	-
	2,667,424	1,829,559

The average number of employees during the year was 3 (2012 - 3)

4 Directors' remuneration

	2013 $	2012 $
Directors' emoluments and emoluments of the highest paid director	**688,855**	637,473
Pension contributions	**32,811**	32,340

The amounts reported above do not include any severance payments that will be required as a result of cessation of business operations

5 Operating profit

	2013 $	2012 $
Operating profit has been arrived at after charging the following		
Auditors' remuneration - audit services	**12,141**	18,610
Tax compliance and services	**6,608**	6,263
Operating lease rentals	**297,528**	295,180
Foreign exchange loss	**18,721**	6,629

6 Taxation on profit on ordinary activities

	2013 $	2012 $
Current tax		
UK corporation tax on profits of the year	**87,808**	174,461
Prior-year tax adjustment	**(598,770)**	506,592
Total current tax	**(510,962)**	681,053
Deferred tax		
Prior year adjustment	**500,511**	(500,511)
Origination of timing differences	**(782)**	(3,258)
Total deferred tax	**499,729**	(503,769)
Taxation on profit on ordinary activities	**(11,233)**	177,284

6 Taxation on profit on ordinary activities *(continued)*

The tax assessed for the year is higher than the standard rate of corporation tax in the UK The differences are explained below

	2013 $	2012 $
Profit on ordinary activities before tax	**386,626**	305,802
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23 25% (2012 - 24 5%)	**89,891**	74,921
Effects of the following		
Expenses not deductible for tax purposes	**5,687**	9,837
Depreciation on assets in excess of capital allowances	**3,683**	3,404
Other timing differences	**(11,453)**	86,299
Prior-year adjustment	**(598,770)**	506,592
Current tax charge for the year	**(510,962)**	681,053

7 Tangible assets

	Leasehold improvements $	Fixtures, fittings, and equipment $	Total $
Cost			
At 1 January 2013	**277,407**	**345,758**	**623,165**
Additions	**-**	**1,537**	**1,537**
At 31 December 2013	**277,407**	**347,295**	**624,702**
Depreciation			
At 1 January 2013	174,263	310,302	484,565
Provided for the year	27,042	8,757	35,799
At 31 December 2013	**201,305**	**319,059**	**520,364**
Net book value			
At 31 December 2013	**76,102**	**28,236**	**104,338**
At 31 December 2012	103,144	35,456	138,600

The directors are of the opinion that the realizable value of the tangible assets equates to their book value at the balance sheet date Hence, no adjustments were required in accordance with the break-up basis presentation of the financial statements

8 Debtors

	2013 $	2012 $
Amounts due from Parent company	**501,449**	153,551
Other debtors	**357,527**	349,614
Prepayments	**91,347**	-
VAT recoverable	**47,078**	25,539
Deferred tax asset	**3,614**	503,373
	1,001,015	1,032,077

Other debtors at 31 December 2013 represents a rent deposit (2012 - $349,614)

9 Creditors: amounts falling due within one year

	2013 $	2012 $
Amounts owed to Renaissance	**72,820**	45,101
Corporation tax	**87,808**	730,218
Accruals	**24,530**	21,799
	185,158	797,118

10 Deferred tax

	Deferred taxation $
At 1 January 2013	(503,373)
Reversal of timing differences	499,759
At 31 December 2013	**(3,614)**

	2013 $	2012 $
Accelerated capital allowances	**(3,614)**	(2,862)
Prior-year adjustment	**-**	(419,506)
Timing differences	**-**	(81,005)
	(3,614)	(503,373)

11 Share capital

	Authorised			
	2013 Number	2013 $	2012 Number	2012 $
Ordinary shares of $1 each	**10,000,000**	**10,000,000**	10,000,000	10,000,000

	Allotted, called up fully paid			
	2013 Number	2013 $	2012 Number	2012 $
Ordinary shares of $1 each	**3,032,351**	**3,032,351**	3,032,351	3,032,351

12 Reserves

	Profit and loss account $
At 1 January 2013	1,780,948
Profit for year	397,859
At 31 December 2013	**2,178,807**

13 Commitments under operating lease

As at 31 December 2013 and 2012, the Company had an annual commitment under a noncancellable operating lease as set out below

	2013 Land and buildings	2012 Land and buildings
Operating lease which expires as follows	$	$
Within 2 – 5 years	**304,278**	297,544

Any payments required in respect of lease termination or dilapidations will be borne by Renaissance (note 1)

14 Related party transactions

As 100% of the voting rights of the Company are held within the group headed by Renaissance, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities that form part of the group

15 Pension scheme

The Company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Company in an independently administered fund The pension cost charge represents contributions by the Company to the fund and amounted to $79,980 (2012 - $104,260) There were no contributions payable to the fund at 31 December 2013 (2012 - $0)

16 Reconciliation of operating profit to net cash inflow from operating activities

	2013 $	2012 $
Operating profit	**336,321**	353,165
Depreciation	**35,799**	45,214
(Increase)/decrease in debtors	**(468,697)**	368,825
Increase in creditors	**30,450**	20,251
Foreign exchange translation loss	**22,676**	8,879
Provision for severance payments	**198,150**	-
Net cash inflow from operating activities	**154,699**	796,334

17 Reconciliation of net cash inflow to movement in net funds

	2013 $	2012 $
Increase in cash in the year	**49,373**	654,391
Movement in net funds	**49,373**	654,391
Opening net funds	**4,439,740**	3,785,349
Closing net funds	**4,489,113**	4,439,740

18 Analysis of net funds

	At 1 January 2013 $	Cash flow $	At 31 December 2013 $
Cash in hand and at bank	4,439,740	49,373	**4,489,113**
Total	4,439,740	49,373	**4,489,113**

19 Ultimate parent company

At 31 December 2013, the Company's immediate parent company was RIM, a US company The Company's ultimate controlling party is Renaissance, which published consolidated financial statements for the group The consolidated accounts are kept on file at the registered office at 800 Third Avenue, New York, NY 10022, USA

Renaissance Institutional Management (UK) Limited
Unaudited Pillar 3 disclosures
31 December 2013

Renaissance Institutional Management (UK) Limited

Unaudited Pillar 3 Disclosures
31 December 2013

TABLE OF CONTENTS

Section **Page**

Overview **19**

Basis of disclosure 19
Frequency and location of disclosure 19
Scope of disclosure 19
Risk Management 19

Capital resources **20**

Overview of ICAAP methodology 21
Credit risk 21
Provisions 21
Market risk 21
Operational risk 21
Operational risk - loss of registered personnel 22
Operational risk - group risk 22
Other operational risk 22

Pillar 3 Remuneration disclosure **22**

Proportionality 22
Application of the requirements 22

Renaissance Institutional Management (UK) Limited

Unaudited Pillar 3 Disclosures
31 December 2013

Overview

The Capital Requirements Directive of the European Union ("CRD") established the Basel II regulatory capital framework across Europe, which governs the amount and nature of capital Renaissance Institutional Management (UK) Limited ("RIM UK," the "Company" or the "Firm") must maintain, including provisions for compensation Implementation of the CRD in the United Kingdom was by the way of rules introduced by the Financial Conduct Authority ("FCA") through the General Prudential Sourcebook ("GENPRU"), the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), and the Senior Management Systems and Controls Sourcebook ("SYSC")

The Basel II framework consists of three pillars

- Pillar 1 specifies the minimum capital requirements of firms to cover credit, market, and operational risk,
- Pillar 2 requires firms to assess the need to hold additional capital to cover risks not covered under Pillar 1, and
- Pillar 3 requires a set of disclosures to be made that enable market participants to assess information on firms' capital, risk exposures, and risk management procedures

The disclosure requirements in Chapter 11 of the Prudential Sourcebook for Banks, Building Societies and Investment Companies ("BIPRU 11") aim to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2) and aim to encourage market discipline by allowing market participants to assess key pieces of information on risk exposures and the risk assessment processes of the firm This disclosure represents RIM UK's Pillar 3 disclosures

Basis of disclosure

This document has been prepared by RIM UK in line with its internal policy for Pillar 3 disclosure and the FCA requirements

The FCA holds responsibility for implementing the CRD within the United Kingdom and has set out its minimum disclosure requirements in its handbook under BIPRU 11

The effective date of these disclosures is as at 31 December 2013 Values are based on year-end values or 12-month accounting periods observed from RIM UK's statutory accounts and management accounting reports

Frequency and location of disclosure

Due to the scale of the Company's operations and activities, the Board of RIM UK has decided that disclosures should be published annually as part of the annual statutory accounts

Scope of disclosure

RIM UK is categorised as a BIPRU €50k Limited Licence Investment Firm ("LLIF"), and in accordance with the CRD, the Pillar 3 disclosures are produced on a solo basis

These disclosures have been prepared in United States dollars ("USD"), as this is the reporting currency of the Company The disclosures have not been subject to external audit

Risk Management

The Company has been FCA regulated since 31 July 2006 Its Part 4A Permission allows it to arrange and make arrangements for Professional Clients and Eligible Counterparties (please note that by definition it cannot advise or manage investments on a discretionary basis for Eligible Counterparties) The Firm cannot hold or control client money The Firm holds passports to provide cross-border services and activities

Renaissance Institutional Management (UK) Limited

Unaudited Pillar 3 Disclosures
31 December 2013

RIM UK is a wholly owned subsidiary of Renaissance Institutional Management LLC ("RIM" or the "Parent company"), a limited liability company organized and based in the USA

RIM UK's principal activity is the introduction, referral, and solicitation of investors on behalf of Renaissance Technologies LLC ("Renaissance") to private investment funds managed by Renaissance Renaissance is a Securities and Exchange Commission registered investment adviser

A risk framework document has been prepared and is reviewed by management annually or more frequently if it is necessary for changes to risks, the risk scoring, and capital requirements

The Internal Capital Adequacy Assessment Process ("ICAAP") and risk framework are used as key management tools to assist management in monitoring and assessing the Company's risks and the efficacy of the controls in place to mitigate those risks

Capital resources

As a BIPRU €50k LLIF, RIM UK's capital resources requirements are calculated as the higher of the following

- base capital requirement of €50k, or
- fixed overhead requirement, or
- sum of the market and credit risk capital requirements

At 31 December 2013 and throughout the year, RIM UK complied with CRDIII

RIM UK's capital resources and capital requirements are based on the financial accounts as at 31 December 2013

	$'000's
Permanent share capital	3,032
Retained earnings	2,179
Total capital (Tier 1 only)	**5,211**
Deductions from capital	-
Total capital resources after deductions	5,211
Capital resources requirement	**398**
Surplus of own funds	**4,813**

RIM UK's policy in respect of capital adequacy is to maintain a strong capital base to retain a healthy capital surplus over required amounts to carry on operations The capital of the Firm is solely classified as Tier 1 capital comprising permanent share capital and the audited profit and loss reserves RIM UK has no innovative Tier 1 capital instruments and no Tier 2 capital

Each year, an annual planning process looks at major expected events and on-going business The financial impact of this plan is recorded in the Firm's budget, and the Firm's capital forecast is reviewed to ensure RIM UK maintains adequate capital resources

Overview of ICAAP methodology

Preparing the ICAAP involves the creation, scoring, and monitoring of a risk register The risks within the register were initially identified through discussions with senior management Once the risks had been identified, senior management was asked to measure the risks, based on its perception of impact, probability, and the strength of the controls in place to mitigate such risks From these results, it was possible to identify the key risks affecting RIM UK's business

Credit risk

Credit risk is defined as the potential failure of a counterparty to meet its contractual obligations

RIM UK has elected to use the Simplified method of calculating risk weights (under BIPRU 3 5) as it has only incidental credit exposures The Company's two largest credit exposures are its bank deposits and amounts receivable from the Parent company Bank deposits are held at global financial institutions with sound credit ratings Bank exposures and credit ratings are continuously monitored by the Renaissance Treasury group and other members of senior management on behalf of RIM UK The credit risk capital requirement is $124,000 as at 31 December 2013

Provisions

It is the Company's policy that an appropriate allowance is made for impaired exposures on a consistent basis

Balances are classified as past due when they are older than 90 days

Debts are assessed on an individual customer basis by considering the exposure to the Company and the amount and timing of expected receipts Should management assess the likelihood of receipt to be uncertain, provisions are made that are considered sufficient to ensure that amounts recorded as assets are covered by anticipated receipts

There were no provisions held against any of the above credit exposures at the year end

Market risk

Market risk is defined as the risk of adverse movements in the values of equities, bonds, foreign currency, and other financial instruments

RIM UK's reporting currency is USD Because the Company receives its revenues in USD and pays expenses in GBP and Euros, it has some foreign currency exposures that resulted in a market risk capital requirement of $41,000 as at 31 December 2013 Because RIM UK does not take positions in financial instruments and does not have a trading book, it does not have any other market risks

Operational risk

This is the risk of loss resulting from inadequate or failed internal processes, people, and systems and from external events Operational risk is assessed internally by senior management on a regular basis

The key operational risks for RIM UK have been identified as loss of registered personnel and group risk

Operational risk - loss of registered personnel

In the short term, RIM UK is reliant on one key member of staff who is an Approved Person under the FCA's Approved Persons Regime As he is responsible for monitoring and oversight of RIM UK, there is a risk to the continuing viability of the business in the event of his departure In the short term, compliance would be assured by management, but alternative staffing and registration would be accomplished in the medium term

Operational risk - group risk

The Operating Agreement between RIM UK and RIM sets forth how revenues are generated from the Parent company If the Parent company were to experience a material adverse change and was unable to pay the fees due to RIM UK, the Company could be wound down in an orderly fashion

Other operational risk

Operational risks encompass people, processes, systems, and controls

RIM UK's principal activity is the introduction, referral, and solicitation of investors to Renaissance, and to private investment funds managed by Renaissance Accordingly, due to the nature of the activities being performed, there is minimal operational risk given the experience and involvement of management in all aspects of the Firm's activities

RIM UK has not reported any losses as a result of operational or reputational risks involving fraud, human error, or systems malfunction, and therefore it is considered that the capital held by the Firm in relation to these areas of operational risk is sufficient

The Firm believes that a robust control framework with oversight by management is a reliable and effective mitigant to the other operational risks described above

Pillar 3 Remuneration disclosure

As a LLIF, RIM UK is subject to FCA rules on remuneration These are contained in the FCA's Remuneration Code located in the SYSC of the FCA's Handbook The Remuneration Code covers an individual's total remuneration, including both fixed and variable

Proportionality

Contained within the European remuneration provisions is the principle of proportionality The FCA has sought to apply proportionality in the first instance by categorising firms into 4 tiers The Firm falls within the FCA's third proportionality tier and therefore this disclosure is made in line with the requirements for a Tier 3 Firm

Application of the requirements

RIM UK is required to disclose certain information on at least an annual basis regarding the remuneration of staff whose professional activities have a material impact on the risk profile of the Firm This disclosure is made in accordance with the size, internal organisation, nature, scope, and complexity of the Firm's activities

RIM UK's governance structure helps to mitigate the likelihood of any excessive risk taking or behaviour that may have an adverse impact on the long term growth of the business It also ensures that all risk and compliance matters are communicated effectively and efficiently within and across the business

RIM UK's Remuneration Code staff includes categories of staff who are senior managers, risk takers, or directors and staff engaged in controlled functions

Remuneration Code staff is made up of three directors Two of the directors are not remunerated by RIM UK and have not been included in determining total aggregate compensation expense The total aggregate compensation expense was $721,666 as at 31 December 2013

In accordance with RIM UK's remuneration agreements, director's compensation comprises annual fixed salary and bonus Bonuses are calculated based on the performance of the funds managed by Renaissance and on the operating profits of Renaissance

RIM UK will update this information annually as a minimum, or more frequently if required