

Disclosure

Chapter 8

Disclosure

8.2 Risk management objectives and policies

- 8.2.1** **R** A *firm* must disclose its risk management objectives and policies for the categories of risk addressed by:
- (1) ■ MIFIDPRU 4 (Own funds requirements);
 - (2) ■ MIFIDPRU 5 (Concentration risk); and
 - (3) ■ MIFIDPRU 6 (Liquidity).
- 8.2.2** **R** The risk management objectives and policies for each of the items listed in ■ MIFIDPRU 8.2.1R must include:
- (1) a concise statement approved by the *firm's governing body* describing the potential for harm associated with the business strategy; and
 - (2) a summary of the strategies and processes used to manage each of the categories of risk listed in ■ MIFIDPRU 8.2.1R and how this helps to reduce the potential for harm.
- 8.2.3** **G** In complying with ■ MIFIDPRU 8.2.2R, a firm may consider that information drawn from the *ICARA process* is a relevant and useful way of disclosing:
- (1) the *firm's* approach to risk management by reference to its risk management policies;
 - (2) details of the *firm's* risk management structure and operations, for example, the *senior management* responsible for each area of risk (where applicable), and any relevant committees and their responsibilities;
 - (3) how the *firm* sets its risk appetite; and
 - (4) a summary of how the *firm* assesses the effectiveness of its risk management processes.