



DFM Appointment

How does the Principal Firm (DFM) operate within the PSC and comply with all FCA requirements relating to systems and controls and oversight management?

Option 1

The DFM appoints a CF30 from within their firm whose primary responsibility is maintaining systems and controls and performing regulatory oversight.

Option 2

The PSC introduces a CF30 to the DFM whose primary responsibility is maintaining systems and controls and performing regulatory oversight.

The DFM registers a trading name at the FCA for PSC introduced business.

How does the DFM demonstrate that it has control and full understanding of the VaR Volatility fund management software?

Full training is provided by the software provider to the CF30 on the way the software operates and its reporting capabilities. A competency certificate is issued by the software provider to the CF30.

How does the CF30 select the instruments that make up the asset universe within each of the VaR portfolios?

The CF30 and software provider agree the CF30s preferred spread of generic asset classes and constraint levels over minimum and maximum asset allocation percentages. The software runs comprehensive tests on the correlation and probability of the asset universe selected by the CF30, maintaining the % VaR downside risk constraint levels for each of the five portfolios. The CF30 can modify the asset universe at any time subject to evidence that optimum correlations and probability of risk management compliance exists.

How does the DFM justify sharing the fund management revenues with the software provider?

The software provider has invested considerably into the development of the software and expects to receive royalties from the use of its software. The DFM enters into a software license with the software provider, a revenue share agreement which comprehensively establishes contractual obligations for the use, development and maintenance of the software is executed.

How does the DFM evidence that the software runs from a robust platform?

The PSC provides the DFM with a comprehensive oversight manual which covers all aspects of technology and software risk management.

Contracting Party	Individual
Reporting	Software Provider
Management Software	Software Provider
FCA Registration	Principal Firm
Compliance	CF30
Supervision / Monitoring	CF30
PI Cover	Principal Firm
Terms of Business	Principal Firm

