

## **MIFIDPRU Public Disclosure Document**

**Crossbridge Capital LLP**

**Date as at 30 September 2023**

**For the period 31 March 2023**

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## 1

### Overview and summary

Crossbridge Capital LLP is regulated by the Financial Conduct Authority (“FCA”) as a Markets in Financial Instruments (“MiFID”) firm and subject to the rules and requirements of the FCA’s Prudential Sourcebook for MiFID Investments Firms (“MIFIDPRU”) handbook.

For the purposes of MIFIDPRU, the Firm has been classified as a non-small non-interconnected (“SNI”) firm, therefore a non-SNI firm.

The Firm has produced this Public Disclosure Document in line with the rules and requirements of MIFIDPRU 8, as applicable to non-SNI firms.

This Public Disclosure Document has been prepared based on the audited financials as at 31 March 2023, covering the financial period 1 April 2022 to 31 March 2023.

The Firm’s main business activity is providing regulated investment advisory services to ultra-high net worth clients.

## 2

### Governance arrangements

The Firm’s ultimate decision making and oversight body is the Executive Committee. The Executive Committee is the Governing Body of the Group and has the daily management and oversight responsibility.

It meets quarterly and is composed of:

- Tarek Khlat
- Jean-Pierre Aoun

The Executive Committee is responsible for setting the Firm’s business objectives, strategy and annual budgets. The Executive Committee is governed by its Terms of References, which include all responsibilities and requirements as per SYSC 4.3A.1 and the Firm has accordingly implemented segregation of duties between its business functions and control functions.

The Firm has a Conflicts of Policy and procedures in place and potential conflicts of interests are continually monitored and assessed by Compliance as an independent control function, as well as being reported to the Executive Committee on a regular basis.

In line with MIFIDPRU 7.3.1 the Firm has established a Risk Committee. The roles and members of the Firm’s Risk Committee are as follows:

The Board of Directors receives regular reporting and management information on the Firm’s operations, specifically reporting and escalation of any compliance, financial, legal and risk matters. The Board of Directors receives independent reporting for internal control functions as well as external independently appointed auditors and consultants on the effectiveness of the Firm’s operations, systems and control arrangements.

## 2.1 External Directorships

In line with MIFIDPRU 8.3.1 (2), the Firm has detailed below the number of external appointments, both as executive and non-executive roles of its Board of Directors / Partnership Board / Executive Committee members:

Name / role	# of external executive roles	# of external non-executive roles
-	-	-

## 2.2 Promoting diversity and inclusion

The Firm fully supports and encourages diversity and inclusion. The firm is made up of staff members from various countries ( Lebanon, India, Romania, United Kingdom, Israel, Republic of Ireland and Australia ) speaking various languages with diverse cultures, beliefs and backgrounds.

## 3 Risk management objectives and policies

The Firm has implemented and embedded risk management framework, policies and procedures across all relevant risk areas of the Firm. The Executive Committee sets the business strategy and risk appetite statement of the Firm, which flows through to the risk management framework of the Firm.

In line with the Firm's business strategy, risk appetite and risk management framework the Firm identifies and further assesses key risks within the Firm's Internal Capital and Risk Assessment ("ICARA") process.

The Firm maintains a risk register, which includes risk assessment and rating methodologies in accordance with its risk appetite statement. Key risks are reported to the Board of Directors at each meeting.

### **3.1 Own funds requirements – MIFIDPRU 4**

Describe the K-factors applicable to the Firm (K-AUM / K-COH) based on its business model and what drives the risks.

The Firm's investments risks are captured within its K-AUM calculation and operational risks are predominantly captured within its Fixed Overhead Requirement ("FOR") calculation. The Firm has further assessed any operational risks within its ICARA and quantified additional own funds and liquidity, where required.

### **3.2 Concentration risk – MIFIDPRU 5**

The Firm does not conduct any trading on own account and does not have regulatory permissions for dealing as principal. The Firm therefore does not have any concentration risks on or off balance sheet and does not operate a trading book.

### **3.3 Liquidity – MIFIDPRU 6**

The Firm maintains minimum liquidity at all times in compliance with the Basic Liquid Asset Requirement (BLAR), being at least 1/3 of its FOR.

The Firm does not provide any client guarantees and therefore its entire liquidity requirement is driven by its expenses, as captured by the FOR.

As part of the ICARA, the Firm also maintains liquidity to satisfy its net wind-down costs and any additional liquidity requirements which the ICARA identified for supporting the ongoing business activities of the Firm.

## 4

### Own funds

#### 4.1

#### Own funds resources

In line with MIFIDPRU 8.4 the Firm has prepared the reconciliation of own funds in line with MIFIDPRU 8 Annex 1 as follows:

<b>Composition of regulatory own funds</b>			
<b>#</b>	<b>Item</b>	<b>Amount (GBP thousands)</b>	<b>Source</b>
<b>1</b>	<b>OWN FUNDS</b>	<b>400</b>	
<b>2</b>	<b>TIER 1 CAPITAL</b>		
<b>3</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>		
4	Fully paid up capital instruments	-	
5	Share premium	-	
6	Retained earnings	-	
7	Accumulated other comprehensive income	-	
8	Other reserves	400	Members capital (classified as equity)
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FRO COMMON EQUITY TIER 1	-	
19	CET1: Other capital elements, deductions and adjustments	-	
<b>20</b>	<b>ADDITIONAL TIER 1 CAPITAL</b>		
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
<b>25</b>	<b>TIER 2 CAPITAL</b>		
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTION FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

<b>Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statement</b>				
<b>(GBP thousands)</b>				
		<b>A</b>	<b>b</b>	<b>c</b>
	<b>Item</b>	<b>Balance sheet as in audited financial statement</b>	<b>Under regulatory scope of consolidation</b>	<b>Cross reference to own funds table</b>
<b>Assets</b> – Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Debtors	782		
2	Cash at bank	67		
	<b>Total Assets</b>	849		
<b>Liabilities</b> – Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: amounts falling due within one year	21		
2	Loans and other debts due to members within one year – Other amounts	428		
	<b>Total Liabilities</b>	449		
<b>Shareholders' Equity</b>				
1	Members capital	400		
	<b>Total Shareholders' equity</b>	400		

<b>Own funds: main features of won instruments issued by the firm</b>	
<p>Members' capital is classified as equity in accordance with the LLP SORP. Repayment of Members' capital is governed by the Partnership Agreement dated 31 March 2014. Capital repayments can be made at the discretion of the management committee or on liquidation and subject to regulatory requirements.</p>	
<p>Amounts due to Members following a discretionary division of profits are credited to Members' current accounts in the period when the allocation occurs. Unallocated profits and losses are included within 'other reserves' and any drawings paid in respect of these unallocated profits in excess of available profits are included within debtors.</p>	

## 4.2 Own funds requirements

The Firm calculates its own funds requirements as a non-SNI firm in line with the rules and requirements in MIFIDPRU 4.3 for non-SNI firms.

A MIFIDPRU investment firm must at all times maintain own funds that are at least equal to its own funds requirement.

The own funds requirement of a non-SNI MIFIDPRU investment firm is the highest of:

- (1) its permanent minimum capital requirement under MIFIDPRU 4.4;
- (2) its fixed overheads requirement under MIFIDPRU 4.5; or
- (3) its K-factor requirement under MIFIDPRU 4.6.

Item	(GBP thousands)
<b>Permanent Minimum Requirement (PMR) under transitional provision(*)</b>	50
<b>Fixed Overhead Requirement (FOR)</b>	28
<b>K-Factor</b>	4

(\*) The Transitional provisions for the PMR takes effect to gradually increase their PMR own funds requirement from its existing level up the full applicable requirement.

This allows for a gradual increase in the PMR up to £750,000 in the following stages:

- Year 1 – current base capital requirement
- Year 2 – £190,000
- Year 3 – £330,000
- Year 4 – £470,000
- Year 5 – £610,000

The full PMR of £750,000 applies from the end of year 5 onwards.

In addition, the Firm has completed its ICARA and analysis to determine its net wind-down requirements and any additional own fund requirements to fund its on-going operations.

The Firm's risk appetite statement and assessment of risks through its risk management framework and risk register form the basis of its ICARA and assessment of the overall financial adequacy rule in line with MIFIDPRU 7.4.7.

The Board of Directors reviews, challenges and approves the ICARA and conclusions of own funds requirements.

## 5 Remuneration arrangements

The Firm has adopted a remuneration policy and procedures that comply with the requirements of chapter 19G of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook ("SYSC").



In accordance with MIFIDPRU 8.6.2 the Firm makes the following qualitative remuneration disclosures:

- The Firm's remuneration policies and practices are reviewed annually to ensure they are appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the firm.
- The Governing Body, as the Remuneration Committee, is directly responsible for the overall remuneration policy.
- The Firm ensures that its remuneration structure promotes effective risk management and balances the fixed and variable remuneration components for all Staff.
- Variable remuneration is adjusted in line with capital and liquidity requirements as well as the firm's performance.

The following categories of Staff eligible to receive variable remuneration are as follows:

- Senior Management
- Other code staff

Crossbridge Capital LLP does not benefit from exceptional government intervention.

Crossbridge Capital LLP Remuneration Policy sets out the criteria for setting fixed and variable remuneration. All remuneration paid to staff members is clearly categories as either fixed or variable remuneration.

Fixed remuneration is based upon a staff member's professional experience and organisational responsibility. It is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance.

Variable remuneration is based upon staff members performance or, in exceptional cases, other conditions.

Performance reflects the long-term performance of the staff member as well as performance in excess of the staff member's job description and terms of employment.

Total remuneration is based on balancing both financial and non-financial indicators together with the performance of the Firm and the staff member's business unit.

The Firm ensures that fixed and variable components of the total remuneration are appropriately balanced; and the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration.

The Firm monitors fixed to variable compensation to ensure SYSC 19G is adhered to with respect to Total Remuneration.

### Quantitative Remuneration

All firms are required to publicly disclose certain quantitative information in relation to the levels of remuneration awarded.

As a non-SNI firm and in accordance with MIFIDPRU 8.6.8, Crossbridge Capital LLP is required to disclose the following information, as set out below:.

For the performance year ending 31 March 2023:

Number of Material Risk Takers (“MRT”), including Senior Manager Functions (“SMF”)	2
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Employee category (GBP thousands)	Total remuneration awarded	Total fixed remuneration	Total variable remuneration
SMFs	-	-	-
MRTs	240	-	240
All other employees			

In relation to any guaranteed variable remuneration awarded:

Employee category (GBP thousands)	Total guaranteed variable remuneration awarded	# of MRTs who received it
SMFs	-	-
MRTs	-	-

In relation to any severance payment awarded:

<b>Employee category (GBP thousands)</b>	<b>Total amount of severance awarded</b>	<b># of MRTs who received it</b>
SMFs	-	-
MRTs	-	-

The highest severance paymen