Longspur Capital Limited

MIFIDPRU 8 DISCLOSURE

25 May 2023

RQC Group

http://www.rqcgroup.com

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1. MIFIDPRU 8 DISCLOSURE

The Firm is a specialist clean energy financial services firm. The Firm provides investment management, asset management, corporate finance advisory and equity research to companies and investors within the clean energy sector. The Firm is retained by public and private growth companies and multiple clean energy companies listed on several different global stock exchanges. The Firm is authorised to carry out the regulated activity of advising and arranging but cannot hold client money whilst the research part of the business falls outside MIFID II and is available to professional investors only. Additionally, in 2021, Longspur alongside their partner Radnor Capital launched the Longspur/Radnor Active Net Zero Index (the "Index") using a proprietary methodology developed by the research team to identify companies actively contributing to a net-zero solution. The Index is administered by Solactive AG as benchmark administrator whilst Longspur is a supervised data contributor.

The Firm currently has offices in London and Edinburgh and consists of 13 employees (4 in Edinburgh and 9 in London). The Firm is 100% owned by Harry Bond.

The Firm is categorised as a "SNI MIFIDPRU investment firm", that issues additional tier 1 capital instruments, by the FCA for capital purposes. The Firm reports on a solo basis. The Firm's MIFIDPRU 8 disclosure fulfils the Firm's obligation to disclose to market participants' key information on a firm's:

- Risk management objectives and policies
- Own funds
- Own funds requirement
- Remuneration policies and practices

In making the qualitative elements of this disclosure, the Firm is required to provide a level of detail that is appropriate to the Firm's size and internal organisation, and to the nature, scope and complexity of its activities.

This disclosure is made annually on the date the Firm publishes its annual financial statements. As appropriate, this disclosure is made more frequently, for example if there is a major change to the Firm's business model.

2. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Firm is subject to ICARA (Internal Capital Adequacy and Risk Assessment) process requirements. The purpose of the ICARA process is to ensure that the Firm:

- Has appropriate systems and controls in place to identify, monitor and, where proportionate, reduce all potential material harms; and
- Holds financial resources that are adequate for the business it undertakes.

As part of the ICARA process, the Firm sets out its risk management processes including an analysis of the effectiveness of its risk management processes.

The Firm has established risk management arrangements that seek to:

- Meet regulatory requirements as detailed in the FCA handbook, including the requirement to have effective processes to identify, manage, monitor and report the risks it is or might be exposed to;
- Reflect industry best practices; and
- Are appropriate and effective, considering the Firm's size, nature, characteristics, risk profile and risk appetite.

The Firm's risk management function is responsible for analysing all risks to which the Firm may be exposed and working with the director(s) to ensure such risks are mitigated as far as possible.

The Firm's director, head of corporate finance and head of research (collectively "Senior Management"), are responsible for risk management in conjunction with the Firm's compliance officer.

The Senior Management meet on a fortnightly basis generally and consequently regularly discuss any new material risks identified by the Firm. The Senior Management regularly discuss and review risks to which the Firm is exposed. This ICARA process forms one of the methods through which Senior Management manage the risks within the business, in particular the deployment of risk mitigation techniques to address potential and actual material harms.

3. OWN FUNDS

The Firm is a Limited Liability Company. Its capital comprises share capital and retained earnings

Table A

As at the date of this disclosure the Firm's regulatory capital position is:

Composition of regulatory own funds			
	Item	**Amount (GBP thousands)**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**
1	**OWN FUNDS**	794	
2	**TIER 1 CAPITAL**	444	
3	**COMMON EQUITY TIER 1 CAPITAL**	444	
4	Fully paid-up capital instruments	100	9. Share Capital
5	Share premium	N/A	
6	Retained earnings	444	Profit & loss account (page 8)
7	Accumulated other comprehensive income	N/A	
8	Other reserves	N/A	
9	Adjustments to CET1 due to prudential filters	N/A	
10	Other funds	N/A	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	N/A	
19	CET1: Other capital elements, deductions and adjustments	N/A	
20	**ADDITIONAL TIER 1 CAPITAL**	349	
21	Fully paid up, directly issued capital instruments	885	9. Share Capital
22	Share premium	N/A	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	535	
24	Additional Tier 1: Other capital elements, deductions and adjustments	N/A	
25	**TIER 2 CAPITAL**	N/A	
26	Fully paid up, directly issued capital instruments	N/A	
27	Share premium	N/A	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	N/A	
29	Tier 2: Other capital elements, deductions and Adjustments	N/A	

Table B

The following table sets out a reconciliation of the Firm's own funds to the balance sheet in the Firm's audited financial statements:

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial Statements				
		A	B	C
		Balance sheet as in published/audited financial statements	**Under regulatory scope of consolidation**	**Cross- reference to Table A**
		As at period end (31 December 2022) (GBP thousands)	**As at period end**	
Assets – *Breakdown by asset classes according to the balance sheet in the audited financial Statements*				
1	Tangible Assets	8		
2	Debtors: amounts falling due within one year	360		
3	Cash at bank in hand	1,353		
4	**Total Assets**	1,721		
Liabilities – *Breakdown by liability classes according to the balance sheet in the audited financial Statements*				
1	Creditors: amounts falling due within one year	389		
2	Deferred tax	2		
3	Total Liabilities	391		
Shareholders' Equity				
1	Called up share capital	885		4 – Fully paid up capital instruments 21 – Fully paid up, directly issued capital instruments
2	Profit and loss account	445		6 – Retained earnings
3	Total Shareholders' equity	1,330		

4. OWN FUNDS REQUIREMENT

The Firm's own funds requirement includes the fixed overheads requirement, which is currently £48,756.

The Firm is required to assess the adequacy of its own funds in accordance with the overall financial adequacy rule. This requires the Firm to hold financial resources that are adequate for the business it undertakes. This is designed to achieve two key outcomes for the Firm:

1. To enable it to remain **financially viable** throughout the economic cycle, with the ability to address any potential material harms that may result from its ongoing activities (including both regulated activities and unregulated activities); and

2. To enable it to conduct an **orderly wind-down** while minimising harm to consumers or to other market participants, and without threatening the integrity of the wider UK financial system.

The Firm achieves this via its Internal Capital Adequacy and Risk Assessment ("ICARA") process. The Firm sets out:

- A clear description of the Firm's business model and strategy and how this aligns with the Firm's risk appetite
- The activities of the Firm, with a focus on the most material activities
- Whether or not the ICARA process is 'fit-for-purpose'. Where this is the case the Firm must explain why it has reached this conclusion. Where this is not the case, the Firm must set out the improvements needed, the steps needed to make the improvements and the timescale for making them, and who within the Firm is responsible for taking these steps
- Any other changes to the Firm's ICARA process that have occurred following the review and the reasons for those changes
- An analysis of the effectiveness of the Firm's risk management processes during the period covered by the review
- A summary of the material harms identified by the Firm and any steps taken to mitigate them
- An overview of the business model assessment and capital and liquidity planning undertaken by the Firm
- A clear explanation of how the Firm is complying with the overall financial adequacy rule ("OFAR") (i.e. the obligation to hold adequate own funds and liquid assets) vis-à-vis the Firm's ongoing business activities and wind-down arrangements
- A summary of any stress testing carried out by the Firm
- The levels of own funds and liquid assets that, if reached, may indicate that there is a credible risk that the Firm will breach its threshold requirements
- The potential recovery actions that the Firm has identified
- An overview of the Firm's wind-down planning

5. REMUNERATION POLICIES AND PRACTICES

The Firm is subject to the Remuneration Code (the "Code") for MIFIDPRU Firms as codified in Section 19G of the SYSC sourcebook of the Financial Conduct Authority handbook.

This disclosure sets out qualitative and quantitative information on the Firm's remuneration processes and practices.

A. Qualitative Information

The Firm must establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote effective risk management and do not encourage excessive risk taking.

The Firm ensures that the remuneration policy and its practical application are consistent with the Firm's business strategy, objectives and long-term interests.

Given the nature and small size of our business, remuneration for all employees is set by the Firm's Senior Management. The Senior Management in conjunction with the Compliance Officer is responsible for the review and updating of the Firm's remuneration policy, agreeing the framework for variable remuneration plans and approving remuneration packages, including variable remuneration, for staff.

Staff receive a salary which reflects their market value, responsibilities and experience.

All staff may also receive variable remuneration, such as an annual bonus, where the individual operates within the risk appetite of the company and has demonstrated appropriate behaviour. There are currently no other incentive plans in place for staff.

Variable remuneration is intended to reflect contribution to the Firm's overall success. Staff are assessed throughout the year and rated based on company, business unit and individual performance. The performance assessment considers both financial measures such as earnings and profit margin and non-financial measures such as productivity/efficiency and quality, risk management, people and culture, customer focus and growth and innovation.

The Firm's linkage between variable remuneration and performance is based upon the following tenets:

- Attraction and retention of staff members
- Link a proportion of a staff member's total compensation to the Firm's performance
- Discourage excessive risk-taking
- Ensure client interests are not negatively impacted

B. Quantitative Information

With respect to the financial year 1 January 2022 to 31 December 2022 the total amount of remuneration awarded to all staff, including the split of fixed and variable remuneration, was as follows:

	(GBP thousands)
Fixed remuneration	1,019
Variable remuneration	619
Total	1,638