



Longspur Capital Limited

MIFIDPRU 8 DISCLOSURE

29 May 2024

RQC Group

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1. MIFIDPRU 8 DISCLOSURE

The Firm became authorised and regulated by the FCA on 02/09/19. It has permission to perform the following regulated activities:

- Advising on investments
- Arranging (bringing about) deals in investments
- Making arrangements with a view to transactions in investments

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 using a proprietary methodology developed by the research team to identify companies actively contributing to a net-zero solution. In May 2024 the development of a formal index product was terminated and Longspur Radnor Indices Limited and Active Net Zero Limited were dissolved; Longspur will use their proprietary methodology for internal purposes only and no further products are envisaged at present.

The Firm currently has offices in London and Edinburgh and consists of 17 employees (5 in Edinburgh and 12 in London). The Firm is 50% owned by Harry Bond, 25% owned by Vesper Capital Markets Limited (on behalf of Nicholas Stamp) and 25% owned by Cantiswalls Ltd (on behalf of Adam Forsyth).

The Firm is also 100% owner of LH01 Limited, a special purpose vehicle incorporated to develop a battery energy storage project which the Firm is in the process of selling.

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 directors are responsible for risk management in conjunction with the Firm's compliance officer.

The directors meet on a monthly basis generally and consequently regularly discuss any new material risks identified by the Firm. The directors and compliance officer regularly discuss and review risks to which the Firm is exposed. This ICARA process forms one of the methods through which the directors and compliance officer 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, share premium account 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	913	
2	TIER 1 CAPITAL	511	
3	COMMON EQUITY TIER 1 CAPITAL		
4	Fully paid-up capital instruments	2	Capital & Reserves (Page 1)
5	Share premium	250	Capital & Reserves (Page 1)
6	Retained earnings	261	Profit & Loss Account (page 19)
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	402	
21	Fully paid up, directly issued capital instruments	885	9. Share Capital (page 9)
22	Share premium	N/A	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	483	
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	9		
2	Debtors: amounts falling due within one year	932		
3	Current asset investments	400		
4	Cash at bank in hand	493		
5	Total Assets	1,826		
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial Statements				
1	Creditors: amounts falling due within one year	(439)		
2	Deferred tax	N/A		
3	Total Liabilities	(439)		
Shareholders' Equity				
1	Called up share capital	885		4 – Fully paid up capital instruments 21 – Fully paid up, directly issued capital instruments
2	Share premium account	250		
2	Profit and loss account	261		6 – Retained earnings
3	Total Shareholders' equity	1,396		

4. OWN FUNDS REQUIREMENT

The Firm's own funds requirement includes the fixed overheads requirement, which is currently £166,000.

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 directors. The directors 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
- Discourage excessive risk-taking
- Ensure client interests are not negatively impacted

B. Quantitative Information

With respect to the financial year 1 January 2023 to 31 December 2023 the total amount of remuneration awarded to all staff, including the split of fixed and variable remuneration, was as follows:

	(GBP thousands)
Fixed remuneration	1,423
Variable remuneration	107
Total	1,530