



Cross Ocean Adviser LLP
MIFIDPRU Public Disclosure Document

Date as at 27 December 2023

For the period January 2022 through December 2022

Table of contents

1	Overview and summary	3
2	Governance arrangements	3
2.1	External Directorships	3
2.2	Promoting diversity and inclusion	4
3	Risk management objectives and policies	4
3.1	Own funds requirements – MIFIDPRU 4	4
3.2	Concentration risk – MIFIDPRU 5	5
3.3	Liquidity – MIFIDPRU 6	5
4	Own funds	5
4.1	Own funds resources	5
4.2	Own funds requirements	8
5	Remuneration arrangements	8
6	Investment policy	Error! Bookmark not defined.

1 Overview and summary

Cross Ocean Adviser LLP (the “**Firm**”) 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 December 2022, covering the financial period January 1st, 2022 to December 31st, 2022.

The Firm’s main business activity is providing investment advisory services to its clients.

2 Governance arrangements

The Board is the governing body of the Firm. The Board meets informally on a regular basis and meets formally as required for the business but at least annually.

The Board is responsible for daily management and oversight of the Firm and for setting the Firm’s strategy and risk appetite.

Senior Management is accountable to the Board for designing, implementing and monitoring the process of risk management and implementing it into the day-to-day business activities of COA.

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 Board of Directors on a regular basis.

In line with MIFIDPRU 7.3.1 the Firm has established a Risk Committee. The enterprise risk committee of the Firm which may consist of members of the board of directors, committee(s) of Management, Executive Officers and other appropriate Senior Management of the Firm.

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 members:

Name / role	# of external executive roles	# of external non-executive roles
Independent director	0	3

2.2 Promoting diversity and inclusion

Cross Ocean has established a Diversity and Inclusion Policy and an Oversight Committee to provide strategic advice and further shape the firm's work on diversity and inclusion; provide oversight of the Diversity and Inclusion Policy and processes; and be responsible for human resources aspects of diversity and inclusion.

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 Firm has established several committees, namely:

- Investment Committee
- Portfolio Review Committee
- Valuation Committee
- Enterprise Risk Committee
- ESG Committee
- Diversity and Inclusion Committee

These committees are staffed by a member of the Board and certain key individuals of the Firm and allows for a more detailed focus on specific risks faced by the Firm.

The Firm has established a risk management process to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by the Firm's partners. As risks are identified within the business, appropriate controls are put in place to mitigate these and compliance with them is monitored on a regular basis. The frequency of monitoring in respect of each risk area is determined by the significance of the risk.

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 on a periodic basis.

3.1 Own funds requirements – MIFIDPRU 4

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:

Composition of regulatory own funds			
#	Item	Amount (GBP thousands)	Source
1	OWN FUNDS		
2	TIER 1 CAPITAL		
3	COMMON EQUITY TIER 1 CAPITAL		
4	Fully paid up capital instruments	39,185	
5	Share premium	0	
6	Retained earnings	-24,314	
7	Accumulated other comprehensive income	0	
8	Other reserves	0	
9	Adjustments to CET1 due to prudential filters	0	
10	Other funds	0	

Composition of regulatory own funds			
#	Item	Amount (GBP thousands)	Source
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments	-9,773	
20	ADDITIONAL TIER 1 CAPITAL		
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		
25	TIER 2 CAPITAL		
26	Fully paid up, directly issued capital instruments	N/A	
27	Share premium	N/A	
28	(-) TOTAL DEDUCTION FROM TIER 2	N/A	
29	Tier 2: Other capital elements, deductions and adjustments	N/A	

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statement				
GBP (thousands)				
		a	b	c
	Item	Balance sheet as in audited financial statement	Under regulatory scope of consolidation	Cross reference to own funds table
Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Intangible assets	11,945		
2	Property, plant and equipment	811		
3	Trade and other receivables	11,630		
4	Derivative financial assets	0		

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statement				
GBP (thousands)				
		a	b	c
	Item	Balance sheet as in audited financial statement	Under regulatory scope of consolidation	Cross reference to own funds table
5	Cash and cash equivalents	3,659		
	Total Assets	28,045		
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Deferred bonus scheme	2,944		
2	Trade and other payables	10,147		
3	Derivative financial liability	83		
	Total Liabilities	13,174		
Shareholders' Equity				
1	Members' capital	39,185		
	Total Shareholders' equity	14,871		

Own funds: main features of won instruments issued by the firm	
N/A	

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.

K - Factor Calculations

Month	AUM - USD	FX rate	AUM - GBP
Oct-22	4,657,073,414.35	1.151	4,045,227,728.59
Nov-22	4,934,346,895.90	1.200	4,112,970,262.11
Dec-22	4,989,418,030.89	1.203	4,148,944,809.95
Jan-23	5,193,642,966.73	1.230	4,222,465,772.66
Feb-23	5,168,513,310.86	1.211	4,268,610,846.45
Mar-23	5,373,793,366.44	1.237	4,344,495,750.40
Apr-23	5,503,704,929.15	1.247	4,413,088,234.99
May-23	5,415,236,686.76	1.236	4,379,888,851.30
Jun-23	5,528,341,598.53	1.266	4,366,708,104.99
Jul-23	5,517,416,268.42	1.285	4,292,853,183.42
Aug-23	5,440,541,141.02	1.268	4,291,059,123.14
Sep-23	5,333,408,173.20	1.225	4,352,612,834.74
Oct-23	5,429,062,446.31	1.215	4,466,667,951.81
Nov-23	5,595,237,347.47	1.266	4,420,908,053.20
Dec-23	5,629,025,258.99	1.272	4,427,062,805.74

K-AUM Coefficient

0.02%

K-AUM Requirement GBP	853,982.09
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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 Shareholder Committee, 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:

- Executive directors;
- Material Risk Takers ("MRT").

The variable remuneration of staff members is determined on an individual basis within a set framework determined by the Shareholder Committee. The Firm will not pay variable remuneration to any non-executive director.

The Firm does not benefit from exceptional government intervention.

The Firm's 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, and

- includes discretionary pension benefits; and
- includes carried interest, as referred to in SYSC 19G.1.27R.

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, Cross Ocean Adviser LLP is required to disclose the following information, as set out below:

For the performance year ending 31 December 2022:

Number of Material Risk Takers ("MRT"), including Senior Manager Functions ("SMF")	4
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Employee category	Total remuneration awarded (£'000)	Total fixed remuneration (£'000)	Total variable remuneration (£'000)
SMFs	1,714	1,085	629
MRTs*	-	-	-
All other employees	11,609	4,724	6,885

*MRT compensation has been omitted and the only MRT compensation bundled in "All other employees" compensation.

In relation to any guaranteed variable remuneration awarded:

Employee category	Total guaranteed variable remuneration awarded	# of MRTs who received it
SMFs		
MRTs		

In relation to any severance payment awarded:

Employee category	Total amount of severance awarded	# of MRTs who received it
SMFs		
MRTs		

The highest severance payment awarded to a single MRT during the last financial year was GBP 0.