



Cross Ocean Adviser LLP
MIFIDPRU Public Disclosure Document

Date as at 3 October 2022

For the period January 2021 through December 2021

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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 2021, covering the financial period January 1st, 2021 to December 31st, 2021.

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

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 – based on reference numbers in audited financial statements
1	OWN FUNDS	16,198	
2	TIER 1 CAPITAL	16,198	
3	COMMON EQUITY TIER 1 CAPITAL	16,198	
4	Fully paid-up capital instruments	39,185	1 – Members Capital
5	Share premium	0	
6	Retained earnings	-22,987	2 – Other Reserves
7	Accumulated other comprehensive income	0	
8	Other reserves	0	
9	Adjustments to CET1 due to prudential filters	0	
10	Other funds	0	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		

Composition of regulatory own funds			
#	Item	Amount (GBP thousands)	Source – based on reference numbers in audited financial statements
19	CET1: Other capital elements, deductions and adjustments		
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	14,117		
2	Property, plant and equipment	1,089		
3	Trade and other receivables	10,206		
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	2,198		
	Total Assets	27,610		
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Deferred bonus scheme	1,549		
2	Trade and other payables	9,860		
3	Derivative financial liability	3		
	Total Liabilities	11,412		
Shareholders' Equity				
1	Members' capital	39,185		4 – Fully paid-up capital instruments
2	Other Reserves	-22,987		6 – Retained Earnings
	Total Shareholders' equity	16,198		

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
1/1/2021	2,504,344,903.90	1.373115	1,823,842,069.97
2/1/2021	2,554,640,100.48	1.392370	1,834,742,274.31
3/1/2021	2,574,062,815.07	1.376028	1,870,647,119.87
4/1/2021	2,617,329,337.50	1.390926	1,881,717,170.79
5/1/2021	2,650,500,979.40	1.418507	1,868,514,557.49
6/1/2021	2,978,295,931.52	1.385001	2,150,392,621.76
7/1/2021	2,957,096,585.82	1.396641	2,117,291,835.07
8/1/2021	2,946,563,521.09	1.376242	2,141,021,361.86
9/1/2021	2,927,499,567.53	1.345566	2,175,664,045.86
10/1/2021	2,999,526,351.65	1.378270	2,176,298,077.77
11/1/2021	2,950,953,258.85	1.334108	2,211,929,436.55
12/1/2021	4,317,811,963.80	1.347884	3,203,400,173.06
1/1/2022	4,265,905,401.18	1.341623	3,179,659,660.82
2/1/2022	4,378,500,541.11	1.340395	3,266,574,874.80
3/1/2022	4,426,487,672.82	1.312252	3,373,198,132.93

K-AUM Coefficient

0.02%

K-AUM Requirement GBP

424,257.68

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 is making use of the transitional provisions in MIFIDPRU TP 12.9 whereby it is not required to disclose remuneration information as the period of this Public Disclosure Document falls before 1 Jan 2022 and ends before 1 Jan 2022.

6 Investment policy

The Firm is making use of the transitional provisions in MIFIDPRU TP 12.7 whereby it is not required to disclose information on its investment policy as the period of this Public Disclosure Document falls before 30 December 2022.