

**MIFIDPRU Public Disclosure Document**

# **Rokos Capital Management LLP**

**As at 31/12/2022**

**For the year ended 31/03/2022**

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## 1 Overview and summary

Rokos Capital Management LLP (“RCM” or the “Firm”) is regulated by the Financial Conduct Authority (“FCA”) and is within the scope of the UK Markets in Financial Instruments Directive (“MIFID”). As a result, it is subject to the prudential requirements of the Investment Firms Prudential Regime (“IFPR”) contained in the MIFIDPRU Prudential sourcebook for MIFID investment firms of the FCA Handbook.

For the purposes of MIFIDPRU, the Firm has been classified as a non-small non-interconnected (“non-SNI”) firm as at 31 March 2022.

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 2022, covering the financial period 01 April 2021 to 31 March 2022. As the most recent financial year ended on a date which was before 31 December 2022, the Firm is not currently required to include in this document disclosures relating to its risk management objectives and policies (MIFIDPRU 8.2) or its investment policy (MIFIDPRU 8.7). A disclosure relating to the Firm’s risk management, objectives and policies will be included in future versions of these disclosures in respect of later financial years. A disclosure relating to the Firm’s investment policy may be included in future versions of these disclosures in respect of later financial years, to the extent that MIFIDPRU 8.7 applies to the Firm.

RCM’s primary activity is to act as an AIFM in respect of the Rokos Global Macro Master Fund (the “Fund”). RCM manages the Fund’s portfolio on a discretionary basis pursuant to the investment objectives described in the Fund’s offering memorandum and any contractual restrictions set out in its investment management agreement with the Fund. The Firm does not manage any funds on behalf of retail clients, has no trading book exposures and does not have regulatory permissions to manage or hold client money or assets.

## 2 Significant changes since last disclosure period

This is the Firm’s first disclosure under the disclosure requirements under MIFIDPRU 8. As such, there have been no significant changes to the information disclosed since the Firm’s last disclosure period.

## 3 Governance arrangements

The Firm, as a MIFIDPRU Investment Firm, is subject to the organisational requirements in 4.3A.1 R of the Senior Management Arrangements, Systems and Controls Sourcebook of the FCA Handbook (“SYSC”). The Firm’s ultimate decision making and oversight body is the Partnership Board (which serves as the Firm’s governing body and management body for the purposes of the FCA Rules). Under SYSC 4.3A.1 R, the Firm must ensure that the Partnership Board defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Firm, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of the Firm’s clients.

In order to comply with the requirement in SYSC 4. 3A.1 R, the Firm has procedures in place to ensure that members of the Management Body are selected based primarily on the following criteria:

- reputation within the market;
- the possession of the necessary knowledge, skills and experience to perform the relevant duties;
- whether their addition will complement the Partnership Board’s collective knowledge, skills and experience in relation to the Firm’s activities, including the main risks it faces; and
- diversity of viewpoints, backgrounds, experiences, and other demographics.

The Partnership Board is responsible for determining the strategic management and control of the activities of RCM, and for the overall strategy of the Rokos Group of companies. The Partnership Board is also accountable for the implementation of governance arrangements that ensure effective and prudent management of the Firm. The Firm has accordingly implemented appropriate segregation of

duties within the Firm and has adopted a comprehensive Conflicts of Interest Policy and procedures are in place that promote the integrity of the market and the interests of clients and a separate procedure for managing any *ad hoc* conflicts that arise which are not covered by the existing policy..

The Partnership Board has delegated the day-to-day management of RCM’s business to its executive management team and the governance and oversight of its operations to various sub-committees, as detailed further below:

- Business Management Committee – implements senior management decisions, coordinates the delivery of RCM’s overall business plans, and disseminates management information.
- Risk Committee – oversees market risk, investment related liquidity and counterparty risks of the Fund. The firm is not required by MIFIDPRU 7.3.1R to establish a risk committee.
- Operational Risk Committee – oversees non-investment operational risks.
- Valuation Committee – oversees the valuation processes for the Fund.
- Remuneration Committee – oversees development and implementation of remuneration policies and practices.

The Partnership Board receives regular reporting and management information on the Firm’s operations, specifically reporting and escalation of any compliance, financial, legal and risk matters. All members of the Partnership Board are required to commit sufficient time to ensure that they can perform their functions within the Firm and to act with honesty, integrity and independence of mind to effectively assess and challenge decisions where necessary and to effectively oversee and monitor management decision-making.

Certain individuals within RCM are also approved as Senior Managers by the FCA under the Senior Managers and Certification Regime (SMCR). These individuals perform key roles within RCM’s governance framework, including for example, those of Chair of the Partnership Board (SMF 9 – Chair of the Governing Body) or Compliance Oversight (SMF 16).

### 3.1 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 Partnership Board members. The table below does not include, in respect of each member of the Partnership Board:

- any directorships the member holds in an organisation which does not pursue a predominantly commercial objective (for example, a charitable organisation or a company that has been established to own the freehold to a building in which the member lives);
- separate directorships held for multiple entities within the same group (all such directorships are accounted as a single directorship for the purposes of the table below); or
- separate directorships in undertakings in which the Firm holds a qualifying holding.

Management body member	# of external executive roles	# of external non-executive roles
Management body member 1	-	-
Management body member 2	-	-
Management body member 3	1	-
Management body member 4	-	-
Management body member 5	-	-

### 3.2 Promoting diversity and inclusion

The Firm is committed to advancing diversity, equity, and inclusion (“DEI”), and has adopted a DEI Policy. In relation to the Board, its composition is considered on the basis of the benefits of having a broad range of views, experiences, skills, backgrounds and values represented. The Firm believes that

a workforce of diverse backgrounds, perspectives, and experiences will help us attract, develop, and retain top talent. Giving everyone a voice and the opportunity to share ideas and contribute promotes collective excellence, leading to sustainable success for our investors – and for the Firm.

To further the goal of advancing DEI within the Firm, RCM formed in 2021 a DEI Working Group representing a cross-section of RCM staff. The DEI Working Group meets quarterly and is tasked with recommending and developing DEI-related initiatives and collecting and reviewing diversity data. The group’s work culminated in setting firmwide diversity targets, formally adopted by the RCM board in 2022. RCM does not set diversity targets for the management body, but the firm as a whole. The Firm’s targets include increasing the representation of women and those identifying as women as well as increasing the representation of under-represented ethnic groups. RCM and its senior management are committed to achieving these goals while upholding its high standards.

### 3.3 Own funds requirements – MIFIDPRU 4

The Firm’s 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 where required.

Due to the Firm not undertaking MIFID business, its K-factor requirement is zero, however the Firm has assessed whether each risk of harm requires additional own funds as part of the Firm’s ICARA.

### 3.4 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 material trading concentration risks on or off-balance sheet and does not operate a trading book. The Firm separately considers its counterparty risk with regard to its holding of cash and cash equivalents.

### 3.5 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 identifies 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. Figures provided are as at 31/03/2022.

Composition of regulatory own funds			
#	Item	Amount (GBP millions)	Reference in Audited Financial Statements
1	OWN FUNDS		
2	TIER 1 CAPITAL		
3	COMMON EQUITY TIER 1 CAPITAL		

<b>Composition of regulatory own funds</b>			
<b>#</b>	<b>Item</b>	<b>Amount (GBP millions)</b>	<b>Reference in Audited Financial Statements</b>
4	Fully paid up capital instruments	18.0	Members' Other Interests
5	Share premium		
6	Retained earnings		
7	Accumulated other comprehensive income		
8	Other reserves	0.8	Members' Other Interests
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments	18.8	
<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 (millions)</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> – as displayed in the audited financial statements				
1	Investments	3.9		
2	Debtors	38.2		

<b>Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statement</b>				
<b>GBP (millions)</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>
3	Cash and cash equivalents	19.8		
4	<b>Total Assets</b>	<b>61.9</b>		
<b>Liabilities – as displayed in the audited financial statements</b>				
1	Creditors	15.6		
	<b>Total Liabilities</b>	<b>15.6</b>		
<b>Net assets attributable to members</b>				
1	Members' capital classified as equity	18.0		# 4
2	Other reserves classified as equity	0.8		# 8
3	Loans and amount due to members	27.5		
	<b>Total net assets attributable to members</b>	<b>46.3</b>		

<b>Own funds: main features of own instruments issued by the firm</b>	
<p>The Firm's own funds are predominantly made up of eligible and ordinary partnership capital, which are classified in the own funds resources table as fully paid up capital instruments. The partnership capital does not have a nominal value. Its value reflects the amount paid in by the relevant member. Under the terms of the Firm's LLP Agreement, the partnership capital is non-convertible and perpetual (it does not have a maturity date), carries no right to dividends, coupons or other forms of income (instead, LLP members may, at the discretion of the Firm be awarded a share in the profits of the Firm at the end of the financial year) and is subject to restrictions on withdrawal in accordance with the requirements of MIFIDPRU 3.3.17 R.</p> <p>In addition to this, the Firm will also hold audited profits which have yet to be distributed. These are classified as other reserves in the own funds resources table.</p>	

The firm has the same accounting and regulatory scope of consolidation so makes no distinction between column (a) and (b).

#### 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.

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.

Item	Amount (GBP Millions)
Permanent Minimum	0.1
FOR	12.1
K-AUM	-
K-COH	-
K-DTF	-
Total K-factor requirement	-
Additional own funds requirement to address risks of harm on a going concern basis	2.3
Level of own additional own funds required to achieve an orderly wind down	10.0
<b>Own Funds Threshold Requirement (highest of items (1), (2), (6) plus (7) or (8))</b>	<b>12.1</b>

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

## 5 Remuneration arrangements

The Firm was, prior to 1 January 2022, subject to the disclosure requirements in BIPRU 11.5.18 R to BIPRU 11.5.20 R and, therefore, in relation to its most recently-ended employee performance period, benefits from the transitional provision in paragraph 12.8 to MIFIDPRU TP 12. In line with that transitional provision, the remuneration information set out below has been prepared in accordance with the rules in BIPRU 11.5.18 R to BIPRU 11.5.20 R rather than the rules in MIFIDPRU 8.6. A remuneration disclosure that is compliant with MIFIDPRU 8.6 will be included in future versions of these disclosures in respect of later employee performance periods. I

RCM has adopted a remuneration policy that complies with the requirements set out in Article 14 of the Alternative Investment Fund Managers Directive (“AIFMD”) and chapter 19B (the “AIFM Remuneration Code”) of the FCA’s Senior Management Arrangements, Systems and Controls Sourcebook (“SYSC”). The firm operates a Remuneration Committee comprising certain members of the Partnership Board. Under the AIFM Remuneration Code, RCM must report annually on the remuneration policy for “Code Staff” being the partners in the firm and certain other individuals whose actions or activities could have a material impact on the risk profile of the Firm.

RCM has applied the AIFM Remuneration Code in a proportionate manner, taking into account the Firm’s size, internal organisation and the nature, scope, and complexity of its activities. RCM has determined that it is not proportionate for it to apply certain provisions of the AIFM Remuneration Code in setting RCM’s Remuneration Policy, in particular those relating to retained units, shares or other



instruments, deferral, and performance adjustment, based on the application of the proportionality elements described in the FCA's General Guidance on the AIFM Remuneration Code. The Remuneration Committee is responsible for setting the Remuneration Policy for all staff. The Remuneration Policy is designed to:

- Be consistent with and promote sound and effective risk management;
- not encourage excessive risk taking or risk taking which is inconsistent with the risk profile of the Fund;
- include measures to avoid conflicts of interest; and
- be in line with the RCM's business strategy, objectives, values, and long-term interests.

Remuneration is made up of fixed pay (i.e. salary, drawings and benefits) and performance-related pay, which takes into account the individual's overall performance and the results of the Firm and Fund as a whole. The performance of the individual is assessed over the entire calendar year. The Firm has one "business area", being its investment management business. All of its Code Staff that have a material impact on the firm's risk profile fall into the "senior management" category for the purposes of BIPRU 11.5.18R(7). The aggregate remuneration awarded to the Firm's Code Staff that have a material impact on the risk profile of the firm during the financial year ending on 31 March 2022 in respect of the 2021 performance year was £15.8m.