

Squarepoint Capital LLP

MIFIDPRU 8 Disclosure

Financial Year ended 31st December 2024

Table of Contents

1. Introduction and Overview	1
2. Risk Management	2
Risk Management Objectives and Policies	2
Concentration Risk	2
Liquidity Risk	2
Risk Management Structure	3
3. Governance Arrangements	3
4. Own Funds Requirement	4
Own Funds Calculations	5
5. Governance and Oversight	7
6. Remuneration Policies and Practices	7
General Characteristics	7
Rules	7
Quantitative Disclosures	8

1. Introduction and Overview

Squarepoint Capital LLP ('the firm') is authorised and regulated in the UK by the FCA and is prudentially characterised as a non-SNI MIFIDPRU investment firm. Per MIFIDPRU chapter 8, the firm is required to publish, on an annual basis, information concerning:

- Risk management objectives and policies;
- Governance arrangements;
- Own funds;
- Own funds requirements; and
- Remuneration policies and practices.

The Squarepoint Group ('the group') consists of an extensive team of professional investment and non-investment personnel, employed and / or seconded to various regulated and un-regulated entities within the group. In terms of the regulated entities, together with Squarepoint OPS LLC ('OPS'), Squarepoint (DIFC) Limited ('DIFC') and Squarepoint Operations Private Limited ('SOPL'), the firm provides investment advisory services to certain privately pooled and non-pooled investment vehicles ('the funds'). OPS is the AIFM within the structure, with the firm, DIFC and SOPL dealing as an agent of the funds via sub investment management agreements between themselves and OPS. The un-regulated entities provide treasury, accounting, legal, tax, risk, compliance, operations, technology, human resources, quantitative research and development, and other corporate consultancy services across the entities within the group.

Due to the corporate structure of the group, the firm is not a member of a consolidation group and therefore is required to produce the MIFIDPRU 8 disclosure on an individual basis for prudential purposes.

2. Risk Management

Risk Management Objectives and Policies

The key areas of risk that are required to be addressed in this disclosure are own funds requirements, concentration risk, and liquidity. An overview of the risk management structure is also required.

Concentration Risk

The firm's concentration risk is low. This is due to the investment mandates of the funds (which the firm is subject to pursuant to the sub investment management agreement with OPS) promoting systematic, semi-systematic, and discretionary models to trade a variety of asset classes and financial instruments globally. Furthermore, the end clients of the funds are formed of a broad base of different investors, meaning exposure to any one investor is limited.

The firm does not trade on its own account and has no principal positions. Thus, the trading activity of the firm does not contribute to concentration risk.

Liquidity Risk

The firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due and to ensure that it has appropriate liquid resources in the event of a stress scenario. The firm retains an amount it considers suitable

for providing sufficient liquidity to meet the working capital requirements under various conditions. The firm has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash deposits it holds with a well-established, multinational institution. Material debtors of the firm are from within the group, meaning requests for payments can be facilitated promptly. In turn, the firm can access the liquidity of the group if required. The cash position of the firm is monitored by the senior management on a regular basis.

Risk Management Structure

The key risk management bodies within the group are the Risk Committee, Best Execution Committee, and Valuation Committee. Each of these bodies has at least one member of the firm's Management Body as a member. The salient points of the three committee meetings are communicated to the Management Body, which means issues can be escalated and acted upon as required.

As an investment advisor, the main potential harm to investors in the funds is financial loss. The combination of various investment strategies and the ability to trade varied financial instruments globally helps to mitigate against loss via diversification. In addition, all elements of systematic investment strategies are rigorously back tested and scrutinised by experienced professionals before being put into production. Where discretionary trading and investment strategies are utilised, the personnel involved in decision making and execution go through a rigorous interview process as well as the requisite Certification process.

The firm is committed to ensuring all business activities are conducted with a clear understanding of the risks, to maintaining a robust risk management framework, ensuring transparent disclosure, and treating its clients fairly, and to meet the expectations of major stakeholders, including clients, shareholders, employees and regulators.

3. Governance Arrangements

The Management Body of the firm comprises the following individuals:

Management Body member	Position at Squarepoint Capital LLP
Russell Morgan	Chief Operating Officer
Thibaut Bondoux	Chief Investment Officer
Ganesh Chodisetti	Technology Chief Operating Officer

James Wilson	Head of EMEA Compliance
--------------	-------------------------

Overall responsibility for the firm rests with the individuals named above, and the apportionment of their responsibilities is reflected in their Statements of Responsibility, per the Senior Managers and Certification Regime. The four senior positions straddle the front, middle and back office functions. Additionally, their respective team contain adequately skilled personnel so that they can delegate tasks via clearly defined reporting lines. This enables the Management Body to:

- Approve and oversee the implementation of the firm's strategic objectives, risk strategy and internal governance (along with monitoring and periodic assessment);
- Ensure the integrity of the firm's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory system;
- Oversee the process of disclosure and communications;
- Provide effective oversight of senior management; and
- Have adequate access to information and documents which are needed to oversee and monitor management decision-making.

Membership of the Management Body is gained through professional excellence and the individual's suitability to the respective role. This promotes diversity and inclusion and means any relevant individual with the requisite skillset could be considered for the role.

4. Own Funds Requirement

The firm is required to maintain own funds that are at least equal to the firm's minimum requirement. This minimum requirement is the highest of the firm's:

- Permanent minimum capital requirement ('PMR'): The level of own funds required to operate at all times. Based on the MiFID investment services and activities that the Firm currently has permission to undertake this is set at £75,000;
- Fixed overhead requirement ('FOR'): The minimum amount of capital that Squarepoint would need to have to absorb losses if the Firm has cause to wind down exit the market. This is equal to one quarter of the Firm's relevant expenditure; and
- K-factor requirement ('KFR'): The KFR is intended to calculate a minimum amount of capital that Squarepoint would need for the ongoing operation of its business. The K-factor that applies to the firm's business is K-AUM (calculated based on the Firm's assets under management ('AUM')).

The firm's own funds requirement is set by its FOR. The potential for harm associated with the firm's business strategy, based on the own funds requirement, is low. This is due to the consistent and stable growth in the firm's revenues and asset base. A method adopted by the firm to manage the risk of breach of the firm's own funds requirement is the maintenance of a healthy own funds surplus above the own funds requirement.

If the firm's own funds drop to an amount equal to 110% of the own funds requirement, the firm's Management Body will be immediately notified, as well as the regulator. The Management Body would consider the necessary steps required to increase the own funds buffer which may include injecting more own funds into the Firm.

Own Funds Calculations

As of 31st December 2024, the firm's own funds held was £72,140,000. This gives an own funds surplus of £60,276,000

#	Item	Amount (GBP Thousands)
1	OWN FUNDS	72,140
2	TIER 1 CAPITAL	
3	COMMON EQUITY TIER 1 CAPITAL	
4	Fully paid up capital instruments	1,322
5	Share premium	
6	Retained earnings	70,818
7	Accumulated other comprehensive income	
8	Other reserves	
9	Accumulated other comprehensive income	
10	Accumulated other comprehensive income	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	
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	
27	Share premium	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	
29	Tier 2: Other capital elements, deductions and adjustments	

The firm's own funds requirement is calculated in accordance with MIFIDPRU 4.3. As such, the firm's requirement as a non-SNI MIFIDPRU investment firm is set at the highest of the following components:

- Permanent minimum capital requirement under MIFIDPRU 4.4; or
- Fixed overheads requirement under MIFIDPRU 4.5; or
- K-factor requirement under MIFIDPRU 4.6.

Requirement	£'000
Permanent minimum capital requirement	75
Fixed overheads requirement (Used as the OFR)	11,864
K-factor requirement	1105

The relevant requirement for the firm is the fixed overheads requirement.

Given the firm has a large own funds surplus, compliance with MIFIDPRU 7.4.7 (overall financial adequacy rule) is maintained. As mentioned above, If the firm's own funds drop to an amount equal to 110% of the own funds requirement, the firm's Management Body will be immediately notified. The Management Body would consider the necessary steps required to increase the own funds buffer which this may include injecting more own funds into the firm. This enables the firm to remain financially viable through the economic cycle and for the firm to be wound down in an orderly manner, if required.

5. Governance and Oversight

The Management Body is responsible for setting and overseeing the implementation of the firm's remuneration policy and practices. To fulfil its responsibilities, the Management Body:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity;
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the firm;
- Ensures that the firm's remuneration policy and practices consider the public interest and the long-term interests of shareholders, investors, and other stakeholders in the Firm; and
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the firm and of its clients.

6. Remuneration Policies and Practices

General Characteristics

Remuneration at the firm is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. Variable remuneration is paid on a discretionary basis and takes into consideration the firm's financial performance as well as the financial performance of each business unit, and the financial and nonfinancial performance of the individual in contributing to the firm's success. All staff members are eligible to receive variable remuneration.

Rules

- Remuneration will be proportionate to the size of the firm and will promote sound and effective risk management;
- Remuneration will be gender neutral (this means it must be based on equal pay for male and female workers for equal work or work of equal value);
- Squarepoint Capital LLP will ensure that criteria that determine fixed and variable pay, are appropriately balanced, ensuring that no individual staff member is dependent on variable remuneration to such an extent that they could take excessive risks;
- When assessing individual performance, both financial and non-financial criteria will be considered.

Quantitative Disclosures

Period: 1st January 2024 to 31st December 2024				
		Senior Management	Other MRTs	Other Staff
Total Number of Material Risk Takers identified by the Firm under SYSC 19G.5 (MIFIDPRU 8.6.8R(3))		5	n/a	
Remuneration Awarded (GBP) MIFIDPRU 8.6.8R(4)(a)-(c)	Fixed	£1,314,766	n/a	£78,685,934
	Variable	£2,980,355	n/a	£91,779,951
	Total	£4,295,121	n/a	£170,465,885