Renaissance Capital Limited

Investment Firm Prudential Regime (IFPR) Disclosures – 31 December 2022

This document has been prepared for informational purposes only by Renaissance Capital Limited (authorised and regulated by the Financial Conduct Authority in the UK and a member of the London Stock Exchange), a wholly-owned subsidiary of Renaissance Financial Holdings Limited which, together with other subsidiaries, operates under the brand name of Renaissance Capital (for contact details see Bloomberg page RENA or www.rencap.com). The information herein is provided as at the date of this document and is subject to change without notice. No part of this document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This presentation is not an advertisement of securities nor an offer or a solicitation of an offer to sell, exchange or otherwise transfer securities and is not intended to facilitate any sale, exchange, or transfer of securities to any person or entity and does not form a fiduciary relationship or constitute advice. This document is not investment research.

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1. IFPR Disclosure requirements

The Investment Firm Prudential Regime (IFPR) is the prudential regime which applies to UK MiFID (Markets in Financial Instruments Directive) investment firms in the UK. One of the key objectives of the IFPR is to reflect the risk profiles of investment firms, and when compared with previous requirements has resulted in changes in the rules that impact capital and liquidity requirements, risk management frameworks and remuneration.

The IFPR introduces a requirement for firms to produce an IFPR Disclosure (Disclosure), replacing the former Pillar III statement. The aim of the Disclosure is to increase transparency and confidence in the market and provide investors and stakeholders with an insight into how the firm operates. These disclosures cover:

- Risk Management Objectives and Policies (MIFIDPRU 8.2)
- Governance Arrangements (MIFIDPRU 8.3)
- Own Funds (MIFIDPRU 8.4)
- Own Funds Requirements (MIFIDPRU 8.5)
- Remuneration Policy and Practices (MIFIDPRU 8.6)
- Investment Policy (MIFIDPRU 8.7)

2. IFPR Disclosure policy

RCL's approved IFPR disclosure policy is as follows.

2.1 Frequency of Disclosures

IFPR Disclosures will be made on an annual basis using RCL's year-end date of 31 December. The disclosures will be published in line with the publication of the annual report and financial statements of RCL. More frequent disclosures will be made if there is a material change in the nature of the risk profile of RCL during any particular year.

2.2 Media and location of IFPR Disclosures

These Disclosures will be published on the corporate website of RCL (www.rencap.com).

2.3 Basis of IFPR Disclosures

Renaissance Capital Limited is a solo-regulated firm registered as a UK legal entity. The firm is categorized as a non-small and non-interconnected (non-SNI) firm. Prudential consolidation does not apply.

The disclosures in this document are made in respect of Renaissance Capital Limited (RCL) and not its' subsidiaries, in accordance with IFPR rules. They seek to set out the key risks facing RCL, how it manages those risks, and how it has satisfied itself that it has sufficient capital in respect of those risks.

MIFIDPRU 8.1.8 states that in complying with the rules, a MIFIDPRU investment firm must provide a level of detail in its qualitative disclosures that is appropriate to its size and internal organisation, and to the nature, scope and complexity of its activities. The level of detail disclosed is appropriate for the size and internal organisation, and to the nature, scope and complexity of RCL's activities.

RCL has no securitised assets and as such no further disclosure is included.

IFPR Disclosures were approved for publication by RCL's Board of Directors in September 2023.

3. Scope of Application

RCL is authorised and regulated by the Financial Conduct Authority ('FCA') to carry out investment activities. The Company is a non-trading member of the London Stock Exchange.

RCL is a wholly-owned subsidiary of Renaissance Financial Holdings Limited. RCL's ultimate parent undertaking and controlling party is Onexim Holdings Limited. Renaissance Financial Holdings Limited and its subsidiaries operate under the Renaissance Capital brand and are referred in this document as "the Group".

RCL is involved in operations of the Group being a sales and trading hub for the cash equities and fixed income business, providing clearing and settlement for a number of different business lines and also having a research presence. The majority of RCL's income is generated not by risk taking, but by earning commissions from clients and on transactions on an agency brokerage basis with its own clients and Group entities plus Transfer Pricing support. There are also certain, limited, trading activities conducted by RCL on a principal basis.

RCL's involvement in trading activities has declined following the Russian Federation's invasion of the Ukraine.

RCL's business activities also include investment banking and finance ("IBF"). IBF activities cover both Equity and Debt capital raising for clients. IBF activities are limited to providing advisory services, without the commitment of any capital on behalf of the Company.

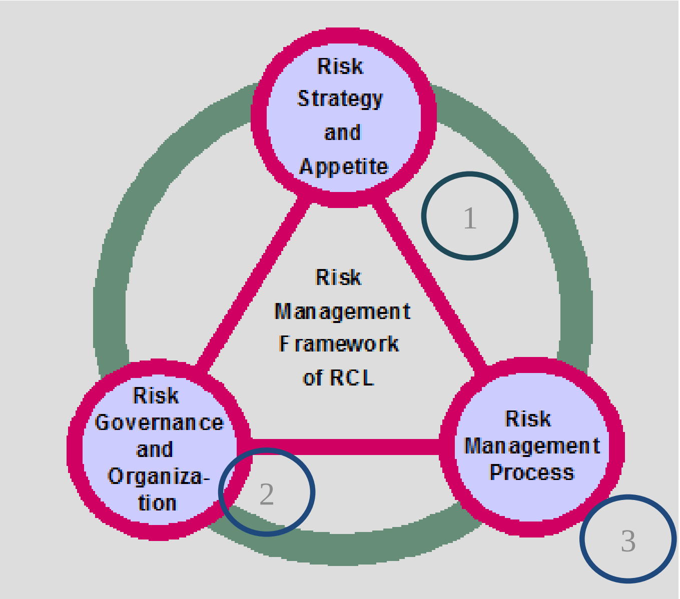
The subsidiary in Turkey was closed in early 2016, the liquidation was completed in May 2023.

4. Risk management objectives and policies

4.1 Risk management framework

Risk management within the Group as a whole, and RCL in particular, is a continuous, active and systematic process to understand, manage and communicate risk from a Group-wide and individual entity perspective.

The risk management framework provides guidance to adopt a holistic approach to manage risk. The application of the framework helps the Group and the Company to better understand the nature of risk and to manage it systematically. The three elements of the Risk Management Framework are the setting of the Risk Strategy and Risk Appetite, creating a Risk Governance Structure with the necessary Risk Governance Organisation and then the required Risk Management Processes.



The elements of the Risk Management Framework are defined as follows:

1. Risk Strategy and Appetite: Risk Strategy is a part of Business Strategy and it defines the target state of RCL's Risk Management. The Risk Appetite is an overall risk tolerance level set by the RCL Board of Directors.
2. Risk Governance and Organisation: A hierarchical structure that governs decision-making in risk management. It includes the organisational structure of risk management as well as a set of rules, instructions, policies and procedures.
3. Risk Management Process: A reiterative process of defined steps which enable continual improvement in decision making by providing management with a greater insight into risks and their impact. We define the following steps in the Risk Management Process: identification, assessment, treatment and reporting.

RCL distinguishes two lines of defence against risks and their implications:

- The first line is the Front Office as well as the support departments such as Operations, Finance, Information Technology and Human Resources. They are responsible for the core processes and functions of the Company and the resources and tools to operate them. These departments are responsible for developing and maintaining systems and controls in the processes under their primary responsibility, thereby fulfilling their part in the management of operational risks.
- The RCL Risk Management and Compliance departments form the main part of the second line of defence. These departments determine the applicability of external regulations, develop appropriate internal standards and monitor and report upon their adherence by staff. As such they provide tools for senior

management to manage risks. The support departments in their controlling function have implemented additional controls and reporting. For instance, HR performs screening of candidates, in addition to the assessment done by the line manager.

The responsibilities of different departments and organisational units involved in risk management are defined below:

Organisational unit	Main responsibilities regarding risk management
RCL Board of Directors	The RCL Board of Directors determines: - The risk strategy and risk appetite of RCL. - Key elements of the governance and organisational structure for risk management. - Key elements of the risk management framework. - Oversight of current risk and risk management.
RCL Audit & Risk Committee	The RCL Audit & Risk Committee reports directly to the RCL Board of Directors and its primary function is to assist the RCL Board of Directors in fulfilling its risk management responsibilities by periodically: - Reviewing and assessing the integrity and adequacy of the Company's risk management framework. - Review and development of risk management information (Risk MI). - Setting up and approving market and credit risk limits and pre-approving certain over-limits according to RCL procedures. - Monitoring risk exposures against risk appetite limits. - Evaluating and mandating mitigating actions. - Reporting Committee activities to the RCL Board of Directors as and when necessary and with appropriate recommendations. - Facilitating Board-level risk discussion as appropriate. - Reviewing and assessing the adequacy of its terms of reference from time-to-time and recommending any proposed changes to the RCL Board of Directors for approval.
RCL Risk Management	RCL Risk Management reports to the RCL Audit & Risk Committee. The main responsibilities of RCL Risk Management are: - Establishment of Risk Management Framework. - Developing and enforcing an effective risk culture. - Establishment of risk reporting standards. - Implementation of risk strategy. - Risk control for credit, market and liquidity risks through limit monitoring. - Risk monitoring for operational risk through Key Risk Indicators. - Maintenance of methodology of risk identification instruments (Risk Map) and ICARA model including all relevant processes. - Risk monitoring for business risk and reputational risk. - Risk assessment of operational risk incidents. - Provision of advisory services to other organisational units regarding risk management issues. - Documentation of relevant processes and policies, including the ICARA. - Risk reporting for credit, market and operational risk.

	- Knowledge transfer to key decision-makers within risk management.
Finance	The main responsibilities of the Finance department within risk management are: - Ownership of capital regulatory reporting. - Working with senior management to provide financial forecasts for the ICARA.
Compliance	Compliance manages relations with regulators, keeps abreast of regulatory developments, participates in material regulatory consultations and aims to anticipate regulatory issues by providing advice to the RCL Board of Directors and the business on such matters on an ongoing basis.

The risk management function that was supported by the Group in 2022 was taken over by local RCL Risk Management in 2023.

In order to limit risk for the Company, the RCL Board of Directors has established the overall risk tolerance level or risk appetite taking into consideration the risk-taking capability of RCL.

RCL defines its risk appetite as the level of aggregated risks that RCL can undertake and successfully manage on a long-term basis according to its business strategy. RCL aims to incorporate both quantitative and qualitative elements into its risk appetite statement. Each element of the risk appetite statement is measured on a monthly basis and reported to the Audit and Risk Committee.

4.2 Risk Appetite

The current version of the risk appetite statement was approved by the RCL Audit and Risk Committee and the RCL Board of Directors.

Category	Risk Appetite Statement
Regulatory capital	RCL will maintain sufficient capital resources to cover its Risk. If Own Funds Ratio falls below 270% the RCL Audit & Risk Committee will convene and recommend immediate restitutive action.
Capital adequacy	We will have enough internal capital to cover all relevant risks. If actual financial resources are below the required capital number calculated under the ICARA wind-down scenario, the RCL Audit & Risk Committee will convene and recommend immediate restitutive action.
Credit	We will have enough capital to meet our obligations upon the default of RESEC (Group). RCL will limit the exposure to Group (RESEC) to under $25m. Counterparty limits may only be exceeded with sign off from Desk Heads/Risk Management. We have a low appetite for unauthorised accidental non-material limits excesses. We have zero appetite for severe deliberate breaches. Settlement risk is covered by credit risk limits. We express our large exposure tolerance level as 25% of capital for non-institutions and 100% of capital for institutions.
Market	We will not have intraday exposure of more than $25MM for total equity products, or $7MM for an individual position, nor will we have overnight exposure of more than $20MM for total equity products or more than $7MM for an individual position. We will not have FX exposure of more than $16.5MM in trading and non-trading cash. We have a low appetite for unauthorised accidental non-material limit excesses. We have zero appetite for deliberate breaches.

Operational/ Legal	We have zero appetite for internal fraud, collusion and theft. We have a low appetite for risks arising from inadequately trained staff or failed internal processes, to the level of $50k in operational risk losses per annum. We have a medium appetite in terms of the operational risk associated with the implementation of systems changes and key strategic plans, to the level of $100k in operational risk losses per annum.
Reputational	We have a low appetite for reputational losses to the level of $100K per annum.
Regulatory/ Compliance	We have a low tolerance for inadvertent regulatory breaches and zero tolerance for regulatory breaches due to ignorance, negligence or recklessness.
Business	New business opportunities will be assessed in respect of risk/return attractiveness. New initiatives will only be entered into where the capital impact on the Group is managed. We have no appetite for new initiatives that have a significant effect on RCL's capital and liquidity that are not first approved by the RCL Audit & Risk Committee.
Conduct	We adopt a zero-tolerance approach to conduct risk as it relates to misconduct, namely an intentional or reckless violation by an employee of the Company's policies and procedures or of applicable laws and regulations. In relation to other risks, relating to the conduct of the Company's business, which may impact on aspects of market integrity or our clients, employees operate within agreed limits and frameworks of rules designed to appropriately minimise adverse outcomes to the extent reasonably practicable.

The ongoing process for the definition of risk appetite is a three-step process:

- RCL Risk Management, following discussions with the relevant Front Office and BSG (Business Support Group) Heads, proposes the long-term risk appetite for RCL and breakdowns for the different risk types according to current risk-taking capability.
- The RCL Audit & Risk Committee considers the proposals from RCL Risk Management and makes a proposal for the RCL Board of Directors.
- The RCL Board of Directors defines the risk appetite of RCL after consideration of the proposal of the RCL Audit & Risk Committee.

4.3 Counterparty Credit Risk

RCL defines *credit risk* as the risk of loss stemming from a counterparty's failure to repay a loan or otherwise meet a contractual financial obligation.

Counterparty risk arises when one party of a contract fails to meet the terms of the contract and defaults before the contract settlement date or at the time of settlement.

RCL incurs counterparty risk whenever it acts as principal in a transaction with a counterparty (clients and Group entities). The majority of RCL transactions are conducted on a DVP basis with institutions rated B and above (according to internal ratings, see below), however RCL may on occasion pre-pay or pre-deliver securities to clients. There have been no losses for a number of years. Additionally, RCL engages in short-term securities borrowing and lending activities with clients and Group entities.

RCL Risk Management uses an internal IT application "Credit Risk Online" for the identification of counterparty risk with external counterparties.

RCL uses the following approaches for the quantification of counterparty risk:

- Standardised approach for quantification of required capital according to MIFIDPRU Own Funds requirements.
- Daily measurement and reporting of trading/credit limit utilisation to control and report largest exposures and investigate any breaches.

- Quantification of probability of default for counterparties according to internal ratings, which are derived from external ratings.

RCL analyses the probability of the default of counterparties (clients and Group entities):

- Default on client side is covered by the system of internal counterparty limits, ratings and a monitoring procedure.
- Default of Group is covered by estimation of required ICARA Additional Capital and stress-tests for counterparty risks with consideration of contingent market risk.

As a part of the Group, RCL operates within the global credit risk limit framework. Global credit risk limits are based on the rating of the counterparty. All counterparties for which limits have been approved are assigned a rating.

At the same time, RCL has a counterparty risk limit framework for external counterparties which is consistent with the global risk limit framework. This framework consists of limits for individual counterparties and/or legal counterparty groups with the following characteristics:

- Equity DVP and non-DVP limits. Counterparties may have a 'DVP' limit, a 'non-DVP' limit or both depending on the products they trade with RCL.

- Soft limits. Limit excesses may be approved by risk management or senior management.

RCL's credit risk exposure is reported to management on a daily basis via the Risk Dashboard, which breaks down the credit risk of RCL by counterparty rating and exposure type and lists the five largest counterparty exposures. On a bi-monthly basis the Risk Dashboard is presented to the Audit & Risk Committee. This report shows the average credit risk exposure by exposure type and also breaks credit risk exposure down by rating and counterparty type. The report also details the five counterparties with the largest exposures on any one day during the month and the five counterparties with the largest average exposures during the month.

As described above, RCL incurs counterparty risk with external counterparties. In the event of a counterparty default, losses would in some instances be mitigated by the transfer pricing mechanism per the terms of the Service Level Agreement (SLA) between RESEC and RCL. This agreement states that RCL, as the Service Provider, introduces transactional business to RESEC, the Service Recipient, and provides clearing and settlement services for the transactions. In return, the SLA states that RCL will be remunerated on an arm's length monthly basis via a cost-plus methodology. This guarantees RCL a 10% return on total costs (excluding the investment banking business whose costs are not subject to the transfer pricing cost-plus arrangement but rather a profit split methodology).

4.4 Market Risk

RCL defines *market risk* as the risk that the value of a portfolio will decline due to movements in market prices. Market risks include equity risk, FX risk, interest rate risk and commodity risk. Only equity (and bond) market risk and FX risk are relevant for RCL.

Equity (and bond) market risk is defined as the risk of equity (bond) investments declining in value due to market dynamics.

FX risk is defined as the risk associated with transacting in different currencies.

RCL quantifies its market risk as the full fair value of the positions in its books, using a live price feed to obtain up to date valuations of the positions. The limits in place on RCL's trading books are based on this quantification of market risk.

RCL also uses the following approaches for the quantification of market risk:

- Standardised approach for quantification of required capital according to MIFIDPRU.
- Daily stress tests on RCL's trading books, using historical movements from the preceding decade in the appropriate index to model potential losses.
- FX exposure assessments are conducted daily and non-USD cash balances are subject to strict limits. If RCL does not have sufficient foreign currency Group Treasury can also provide FX facilities.

Strict limits are in place on RCL's trading books. These are detailed in the RCL Market Risk Policy. The book owner is responsible for observing the limits. If necessary, the book owner requests a limit space by forwarding a market risk limit request to RCL Risk Management, which will formulate a proposal to the RCL Audit & Risk Committee.

4.5 Operational Risk

RCL defines Operational Risk as the risk of loss resulting from inadequate or failed internal processes, human behaviour and systems or from external events. The term "loss" in its broadest sense is any impact from an operational risk incident on the Company that impairs the realisation of its objectives. This ranges from direct financial losses to dissatisfied customers, unmotivated staff, and unfavourable media attention.

The Company uses the following instruments for the identification of operational risks:

- Operational Risk Self-Assessment and Operational Risk Map.
- KRIs.
- Operational Risk Incidents and Issues Portal.

Key Risk Indicators (KRIs) are agreed with the respective department heads and tracked via red/amber/green (RAG) thresholds to monitor the effectiveness of internal controls and identify the negative tendencies in operational risks at an early stage. KRIs are reported on a monthly basis and distributed to the Audit & Risk Committee and Board of Directors. Various critical controls are monitored on a daily to weekly basis, with the focus on timely escalation and resolution of items. The KRI report provides early warning signals of key control and control environment deterioration in operational performance to senior management.

The Minimum Own Funds requirement calculation is based on a portion of the fixed cost for the last financial year. For Additional Own Funds requirement it is further adjusted by a factor, based on the internally devised KRI Index. This KRI Index assigns a weighting to each KRI based on its perceived importance from the risk mapping exercise. This weighting is then multiplied by the Red/Amber/Green (RAG) status of the indicator.

The Group has implemented an Operational Risk Portal, which allows employees of the Company to log risk incidents and issues online. Any material operational risk incidents that occur are logged by RCL staff on the Operational Risk Portal. Similarly, risk issues (i.e. emerging risks that have not yet resulted in a crystallised event) are logged. Risk incidents and issues are investigated by Group Operational Risk Management, in conjunction with RCL Risk Management wherever these incidents and issues affect RCL. The analyses may result in recommendations for system and control improvements, whose implementation status is monitored and reported upon.

RCL operates a platform with a high level of control, allowing for a 'no surprise environment'. RCL recognises that it cannot contain (i.e. manage away) risks in their entirety, which is why it has set aside capital. It has a certain, limited tolerance for normal fall-out incidents. In addition, it has mitigated particular risk elements by means of insurance coverage.

In its intention to maintain a 'no surprise environment', RCL manages operational risk by maintaining a strong control framework, which allows risk prevention, swift detection and risk mitigation on different levels. The guiding principle is that line management is responsible for managing operational risks. Each manager has specific tools to manage their operational risks.

Risk Management is responsible for supporting line management in managing their operational risks. RCL Risk Management measures and monitors operational risks and helps to ensure operational risks are mitigated adequately.

Where a new project (for instance a new market or product) is being launched that may materially affect RCL, this must first pass through the Group New Business Committee before being brought to the RCL Audit & Risk Committee where potential operational risks are discussed. This is a structured approach to manage changes to the operational risk profile of the Company such as new products and activities and new processes and systems.

4.6 Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stressed circumstances.

RCL monitors its operational and stressed liquidity levels on a daily basis. The RCL Board of Directors is responsible for reviewing, challenging and approving RCL's liquidity adequacy methodology, approach and documentation, as well as setting the overall liquidity risk appetite of RCL.

5. Governance arrangements

The ultimate responsibility for the Company's risk management lies with the Board of Directors ("the Board"). The Board assesses the effectiveness of the Company's risk management strategies and policies to ensure the adequate monitoring, management and mitigation of the Company's risks.

The Board considers that the Company has established effective risk management arrangements with regard to the Company's profile and strategy.

The Board consisted of the following members at 31 December 2022:

Name	Group Directorships	Other Directorship in scope of MIFIDPRU 8.3.1R(2)
Anthony Simone CEO	7	0
John Lewin Non-executive director	1	4

Mark Reed, who was an executive director with no other directorships, resigned on 31 May 2022.

Recruitment to the Board combines an assessment of both technical capability and competency skills and is subject to the approval of the Chairman of the Board. The Company's policy on diversity takes into consideration differences in sex, gender, race, age, nationality, social origins, physical ability, religious beliefs, and membership of associations. Diversity is an element of the Company's selection process in determining the composition of the Board of Directors.

In order to support effective governance and management of its wide range of responsibilities the Board has established the following committees:

- The Audit & Risk Committee is responsible for risk and audit management within the Company. It meets six times per year.

- The RCL Remuneration Committee meets (at least) annually for the year-end performance evaluation process and compensation review. Certain bonus awards and other non-ordinary course items are subject to a review and sign-off process defined by the Board of Directors.

Information for dealing with conflicts of interest is set out in the Global Conflicts of Interest Policy document which is managed by Group Compliance. The policy sets out how the firm seeks to prevent and deal with conflicts of interest if they arise. Conflict of interest is further covered in the Outside Business Interests Policy and the Personal Account Dealing Policy

Employees, including directors, are required to disclose any business interests that may result in actual or potential conflicts of interest with those of RCL. If a conflict or potential conflict situation arises, the directors must seek authorization from the Board.

6. Own Funds

From January 2022, the Investment Framework Prudential Regime (IFPR) came into force. RCL calculates and reports its Own Funds and Own Funds Requirements for the UK regulated entity to the FCA in accordance with these regulations.

6.1 Own Funds Requirements

The following table presents a summary of regulatory Own Funds for RCL as at 31 December 2022 and is based on the audited financials of RCL.

Composition of regulatory own funds				
	Item	Amount (USD thousands)	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	31,854	26,453	
2	TIER 1 CAPITAL	21,454	17,816	
3	COMMON EQUITY TIER 1 CAPITAL	21,454	17,816	
4	Fully paid-up capital instruments	47,000	39,031	Note 30
5	Share premium	0	0	
6	Retained earnings	(25,965)	(21,563)	Statement of Changes in Equity
7	Accumulated other comprehensive income	0	0	
8	Other reserves	552	458	Statement of Changes in Equity
9	Adjustments to CET1 due to prudential filters	(33)	(28)	Note 13
10	Other funds	0	0	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(100)	(83)	Note 19, Note 21
19	CET1: Other capital elements, deductions and adjustments	0	0	
20	ADDITIONAL TIER 1 CAPITAL	0	0	
21	Fully paid-up, directly issued capital instruments	0	0	
22	Share premium	0	0	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	0	
24	Additional Tier 1: Other capital elements, deductions and adjustments	0	0	
25	TIER 2 CAPITAL	10,400	8,637	Note 28
26	Fully paid-up, directly issued capital instruments	0	0	
27	Share premium	0	0	
28	(-) TOTAL DEDUCTIONS FORM TIER 2	0	0	
29	Tier2: Other capital elements, deductions and adjustments	0	0	

6.2 Own Funds reconciliation

The table below reconciles regulatory own funds to balance sheet in the audited financial statements in accordance with MIFIDPRU 8.

		a		b	C
		Balance sheet as in published/audited financial statements	Balance sheet as in published/audited financial statements	Under regulatory scope	Cross reference to template OFI (above)
		As at period end	As at period end	As at period end	
		Amount (USD thousands)	Amount (GBP thousands)		
	Assets – breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Cash and cash equivalents	2,594	2,154	Not applicable	
2	Financial assets at fair value held for trading	16,731	13,894	Not applicable	Item 9
3	Securities purchased under agreements to resell	5,573	4,628	Not applicable	
4	Other assets	8,484	7,046	Not applicable	
5	Investments in subsidiaries	72	60	Not applicable	Item 11
6	Right-of-use assets	3,826	3,177	Not applicable	
7	Property and equipment	1,835	1,524	Not applicable	Item 11
	Total Assets	39,115	32,483	Not applicable	
	Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Cash overdrafts	2	2	Not applicable	
2	Accrued expenses	1,060	880	Not applicable	
3	Other liabilities	2,172	1,804	Not applicable	
4	Lease liabilities	3,894	3,234	Not applicable	
5	Loans payable	10,400	8,637	Not applicable	
	Total Liabilities	17,528	14,556	Not applicable	
	Shareholder's Equity				
1	Share capital	47,000	39,031	Not applicable	Item 4
2	Accumulated loss	(25,965)	(21,563)	Not applicable	Item 6
3	Capital redemption reserve	552	458	Not applicable	Item 8
	Total Shareholder's Equity	21,587	17,927	Not applicable	

6.3 Own funds: main features of own instruments

Share capital represents 47,000,000 ordinary shares (authorised, called up and fully paid) of $1 each.

The capital redemption reserve arose from the repurchase of shares in 2001.

A subordinated loan of $10,400,000 (GBP equivalent £8,637,000), maturing 31 December 2027, from Renaissance Financial Holdings Limited (the direct holding company) is included within Tier 2 Capital.

Interest is payable semi-annually at an interest rate of 2.5% and the loan is stated at its carrying value, which is considered to approximate its fair value.

7. Own Funds Requirements

7.1 Calculation of Own Funds Requirement

As a MIFIDPRU entity, RCL is required at all times to maintain own funds at least equal to the highest of its:

- Permanent minimum capital requirement: £750,000 ($0.9m in RCL reporting currency at 31 December 2022);
- K-factor Requirement: $1.1 million; and
- Fixed Overheads Requirement: $4.3 million

The firm is also required to consider its own assessment of the adequacies of Own Funds (see section 6).

7.2. The K-factor Requirement (KFR)

The K-factors are a way of calculating the ongoing capital requirements based on measuring risks posed by a firm to clients, to the market and to the firm itself. The assessment of the KFR relating to average AUM and trading levels as at 31 December 2022 is as follows:

An analysis of the K-factor requirement as at 31 December 2022 is as follows:

K-factor	USD '000
K-TCD	432
K-NPR	744
Total K-factor requirement	**1,176**

RCL uses credit risk mitigation techniques to mitigate credit risks to which it is exposed, principally collateral and netting.

RCL typically holds collateral on its securities financing transactions (REPOs). Collateral may consist of either cash or securities. Additional collateral may be called should the net value of the obligations to the Company rise or should the value of the collateral itself fall.

RCL also has master netting agreements with its main Group counterparties. These agreements allow credit risk exposures to be reduced by applying netting to RCL's receivable and payable balances with certain Group companies. Under IFRS, netting is permitted only if the entity has a legally enforceable right to set-off and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Due to no trading activity at year-end and no client assets held in custody the Risk to Client was $nil.

7.3 Fixed Overheads Requirement (FOR)

RCL's FOR is $4.3 million. This is calculated by reference to the audited 2022 levels of relevant expenditure.

7.4 Firm Approach to assessing the adequacy of Own Funds

The ICARA is an ongoing process that is performed through a number of separate but inter-linked internal activities executed throughout the year that have enabled us to identify the potential material harms that could be caused during our ongoing and wind-down activities, as set out below;

- monthly reporting of capital and liquidity positions
- monthly updates and quarterly stress testing
- Operational Risk Self-Assessment, and
- Wind-down planning.

Analysis undertaken under the ICARA process ensures that RCL meets both its Own Funds Threshold Requirement (OFTR) and Liquid Assets Threshold Requirement (LATR). The analysis of the Group's OFTR and LATR is consistent with the potential impact of the potential material harms that the firm has identified that could result from its ongoing operations.

This methodology effectively enables us to assess the capital adequacy under both normal and stressed conditions, and to test whether RCL holds sufficient liquidity to remain within its internal and external requirements under such scenarios.

8. Remuneration policy and practices

Under the FCA's MIFIDPRU, RCL is classified as a non-SNI firm, which requires the Company to make specific disclosures. The regulation requires RCL to consider its processes and procedures for those senior staff that operate within companies and whose professional activities have a material impact on the Company's risk profile (Material Risk Takers or MRTs).

RCL is satisfied that the policies in place are appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

8.1 Material Risk Takers (MRT's)

MRT's have been determined in accordance with quantitative and qualitative criteria issued by the FCA.

MRT's are identified in line with the criteria included within relevant guidance, but broadly, they include those individuals whose role means they can expose the Company to material risk.

The Company maintains a list of MRT's.

8.2 Remuneration Governance and Decision Making

For the sake of good governance, the Group has a Remuneration Committee which meets regularly to consider human resource issues relating to terms and conditions of employment, remuneration and retirement benefits. The Group Compensation Committee does not retain external consultants although external consultants are used from time to time to advise on specific issues. The Group Compensation Committee also seeks advice from the Risk and Compliance departments and Managing Directors/Senior Managers in the Group, who may provide relevant information and advice to the Group Compensation Committee.

The remuneration arrangements of the Company represent a combination of salary, annual discretionary bonuses and long-term incentive schemes that are designed to align the interest of the Company and Group and its employees with those of its clients and other stakeholders to ensure the Company and Group has continued long term profitability. The Board has delegated authority to a Remuneration Committee to oversee the remuneration policies, practices and awards of employees of the Company. The Company's Remuneration Committee meets (at least) annually to review the proposed annual bonus awards with a high variable remuneration component, to ensure overall compensation is in accordance with the Company's risk appetite and applicable regulatory requirements.

It is acknowledged that the reputation and success of both the Company and Group is due to the service provided to clients by highly qualified and committed staff. Staff are therefore one of the key assets of the organization and it is its policy to attract and retain the best people.

In light of the above, when fixing the remuneration policies and packages for current and future periods the Company and Group ensures:

- The need to attract, retain and motivate staff of the quality required.
- Practices of similar companies (in terms of the nature of business and size).
- Remuneration and employment conditions across the Group.

By paying due regard to the above three factors, the Company and Group considers that it can attract and retain the best quality staff, thereby ensuring that its long-term interests are safeguarded.

Larger annual bonus awards are subject to deferral.

The key features of the bonus deferral arrangement are:

- A percentage deferral depending on the level of annual bonus.
- Deferral awards are made in cash with a fixed rate of return.
- Employees receive a competitive compensation and benefits package, which is reviewed annually and benchmarked by reference to the external market. It allows the Company to attract and retain the best talent, who know that good performance will be rewarded.
- Awards are designed to encourage retention. Deferred variable compensation does not give rise to any immediate entitlement. Awards normally require the participant to be employed continuously by the Company/Group until at least the third anniversary of grant in order for the award to vest in full.

Due to a Company restructure that was focused on headcount reduction and cost saving, no deferrals were awarded for the 2022 financial year.

8.3 Information on the link between pay and performance

Senior Management and MRT's remuneration is based on competitive market-based salaries that fairly compensate employees in view of skills provided, work performed and responsibility undertaken. Overall remuneration includes an annual variable incentive compensation reflecting individual performance and responsibility, both short-term and long-term, as well as RCL's overall performance.

Pay increases are based on merit. The level of the pay increase is influenced by Group affordability and market influences. Salary increases outside the annual pay review cycle are subject to a strict process of justification, control and approval.

The variable pay element is differentiated by performance. The Compensation Committee believes the remuneration for senior management and MRTs provides an appropriate balance between fixed and variable pay elements.

8.4 Information on the performance criteria

RCL does not currently use a pre-set formulaic matrix to determine either basic remuneration or variable remuneration. The determination of remuneration is a fully discretionary process informed by various performance metrics including individual performance measured against standard Firm competencies and qualitative annual goal attainment, industry peer group remuneration levels and affordability. The Board has responsibility to decide on the funds to be allocated to the performance-based remuneration pools. The Board is involved to ensure that risk, capital and liquidity limits are not exceeded.

The allocation of the bonus pool is based on the contribution of each business unit within the Company as demonstrated by the management accounts and of each individual's contribution to the Company's results as assessed during the performance process. Performance against non-financial metrics has a significant influence on the overall performance rating and poor performance against non-financial metrics will result in a reduction of an employee's annual award.

RCL has historically opted for a discretionary bonus scheme (variable remuneration) and the Company intends to continue this practice.

Fixed pay is principally comprised of salaries. All senior management and MRTs receive a salary that reflects their responsibilities and the level of experience and expertise needed to undertake their roles.

Variable performance-related pay is principally comprised of annual bonus awards.

The rationale for incorporating a variable component as part of total remuneration is associated with the desire of the Company to attract personnel of the highest caliber. Since it is common practice for the financial services sector to pay bonuses to those employees who have excelled in the performance of the duties assigned to them, the Company would find itself at a competitive disadvantage in attracting high caliber employees if it didn't follow the industry standard.

8.5 Quantitative information on remuneration

The table below analyses the remuneration of staff in USD:

Aggregate quantitative information on remuneration, broken down by Senior Management, Material Risk Takers (MRTs) and Other Staff			
	Senior Management	MRTs	Other Staff
Fixed Remuneration ($'000)	776	3,057	7,710
Variable Remuneration ($'000)	60	140	13,159
Total Remuneration ($'000)	835	3,196	20,868
Total number of staff	4	10	51

The remuneration of staff reported in GBP:

Aggregate quantitative information on remuneration, broken down by Senior Management, Material Risk Takers (MRTs) and Other Staff			
	Senior Management	MRTs	Other Staff
Fixed Remuneration (£'000)	629	2,480	6,255
Variable Remuneration (£'000)	49	113	10,675
Total Remuneration (£'000)	678	2,593	16,930
Total number of staff	4	10	51

No deferred awards were made in 2022 due to the restructure required in the business that required material headcount reductions.

Termination payments made to Senior Management and MRTs during the year	
	Termination payments
Total termination payments ($'000)	136
Number of Senior Staff and MRTs receiving such payments	15
Highest termination payments made to an MRT ($'000)	15

The GBP equivalent for total termination payments was £110,000 and the highest termination payment made to an MRT was £12,000)

The remuneration disclosed above includes:

- Annual base salaries as at 31 December 2022.
- Cash bonus awards for the 2022 performance year.
- Deferred awards (LTIP) for 2022 based on the value at award date. LTIP awards are subject to performance conditions, which can result in the portion of the award that is ultimately released ranging from 0 to 100 percent.

9. Investment policy

In accordance with MIFIDPRU 8.7.6, a firm is only required to make disclosures regarding its investment policy in the following circumstances:

- Where its holdings relate to a company whose shares have been admitted to trading on a regulated market;
- Where the proportion of voting rights that the Firm directly or indirectly holds in that company is greater than 5% of all voting rights attached to the shares issued by the company; and
- Only in respect of shares in that company to which voting rights are attached.

As RCL does not have any company holdings that meet these criteria, the Company is not required to make the disclosures required in MIFIDPRU 8.7