



Tenaron Capital Management UK LLP

Public Disclosure for the Financial Year Ended 31 December 2024

Table of Contents

1. OVERVIEW	3
• Basis and Frequency of Disclosure	3
• Validation, Sign off and Medium of Disclosure	3
2. GOVERNANCE ARRANGEMENTS	4
• Legal and Organisational Structure	4
• Business Overview	4
• Directorships	5
• Diversity and Inclusion	5
• Governing Body Level and Appointments	5
3. RISK MANAGEMENT	6
• Overview	6
• Risk Management Framework	6
• The ICARA Process	6
• Appropriateness of the RMA and Statement Approved by the Governing Body	7
• Key risks	7
4. OWN FUNDS	9
• Composition of Regulatory Own Funds	9
• Reconciliation of Regulatory Own Funds to the Audited Balance Sheet	9
• Main Features of Own Instruments	10
5. OWN FUNDS REQUIREMENTS	11
• Our Approach to the Adequacy Assessment of Own Funds	11
• OFAR Compliance	11
• K-Factor Requirement and Fixed Overheads Requirement	12
6. REMUNERATION POLICY AND PRACTICES	13
• Performance Period	13
• Remuneration Policy and Practices	13
• Governance of the Remuneration Arrangements	13
• Identification of Material Risk Takers (MRTs)	14
• Risk Adjustment	14
• Components of Remuneration	14
• Financial and Non-Financial Performance Criteria	14
• Quantitative Remuneration Disclosures	15

1. Overview

Public disclosure aims to promote market discipline and transparency of some key information about how investment firms are run and how they managed risks to which they are exposed.

This disclosure is in relation to Tenaron Capital Management UK LLP (“Tenaron” or the “Firm”) which is authorised and regulated by the Financial Conduct Authority (“FCA”) under Firm reference number 811869 since 1 November 2018.

This document sets out the public disclosures as of 31 December 2024, which represents the end of the Firm’s financial accounting period and year-end (“FYE”).

Basis and Frequency of Disclosure

As a UK investment firm undertaking activities within the scope of the UK Markets in Financial Instruments Directive (“MIFID”), the Firm 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.

The Firm is obliged to publish its disclosures in accordance with the provisions and guidance outlined in MIFIDPRU 8 of the IFPR. Tenaron is categorised as a non-SNI MIFIDPRU investment firm and this disclosure has been prepared on that basis.

Consequently, in line with the relevant regulatory requirements outlined in MIFIDPRU 8, the scope of the information disclosed in this document relates to the applicable provisions of the disclosure requirements; namely to the Firm’s governance arrangements, risk management objectives and policies; Own Funds, which are the sum of common equity tier 1 capital, additional tier 1 capital and tier 2 capital; Own Funds Requirements (“OFR”) and the remuneration arrangements in place.

The Firm’s disclosure is prepared annually. The disclosed information is proportionate to the Firm’s size and organisation, and to the nature, scope and complexity of the Firm’s activities. If appropriate, due to a material change in the business, this document will be updated as soon as practically possible once the impact of the material change is known.

Validation, Sign off and Medium of Disclosure

The Firm is fully committed to having appropriate internal controls in place to ensure the completeness, accuracy, and compliance with the relevant public disclosure regulatory requirements.

As an external publication, this public disclosure document has been subject to verification and approval to ensure a provision of complete and accurate information in compliance with all applicable regulatory requirements. This document does not constitute any form of financial statement on behalf of the Firm.

The disclosure is not required to be subject to independent external audit. The internal governance in place provides appropriate challenge and oversight prior to publication.

This public disclosure is published on the Firm’s website: <https://www.tenaroncapital.com/>.

2. Governance Arrangements

Legal and Organisational Structure

The Firm was incorporated on 24 April 2018 as a United Kingdom (“UK”) limited liability partnership, registered under a company registration number OC422168.

The Firm is part of a wider group of entities; it is owned by Tenaron Capital UK Ltd and Tenaron Capital Management UK II Ltd, which, in turn, both entities are 100% owned by its parent, a United States (“US”) registered entity, Tenaron Capital Management LP (“Tenaron US”).

Business Overview

The Firm’s purpose is to provide order execution and sub-investment management services to its sole (institutional) client and indirect parent, Tenaron US. Tenaron US is the investment manager to Tenaron Capital Macro Master Fund Ltd. (“Macro Master Fund”), Tenaron Capital Relative Value Master Fund Ltd. (“Relative Value Master Fund”), and each of their two respective feeder funds.

The investment products that the Macro Master Fund and Relative Value Master Fund trade generally consist of government bonds, futures contracts, interest rate swaps, repurchase and reverse repurchase agreements, swaptions, foreign exchange options, foreign exchange forward contracts, forward rate agreements, credit default swap indices and futures options.

Based in New York, Tenaron US is a registered investment adviser with the Securities and Exchange Commission, and a registered commodity pool operator with the Commodity Futures Trading Commission and National Futures Association.

Governance Structure

The Firm’s governance structure and the main decision and management body with an overall responsibility for the Firm is the Governing Body. The Governing Body has both executive and supervisory functions.

Due to the nature, scale and complexity of the activities that Tenaron undertakes, the Firm has not set up a risk committee, however Tenaron US has risk committees for the Macro Master Fund and Relative Value Master Fund.

Governing Body

The role of the Governing Body is to take responsibility for determining and setting the strategic objectives, policies, and culture of the Firm by providing direction, control, and oversight of management, including the management of key risks. In its executive role, the Governing Body maintains the daily management for the business, supported by other key members of the Firm.

The duties further include oversight of governance and risk management of the Firm to ensure prudent management and effective operation of all implemented arrangements, including an appropriate segregation of duties of the Senior Management in accordance with the UK’s Senior Managers and Certification Regime (“SMCR”) and management of conflicts of interest.

Responsibilities of the Senior Management Function (“SMF”) holders are allocated to Senior Managers under the SMCR regime and are reviewed annually to ensure consistency with the business of the Firm, including responsibility for client assets.

As at 31 December 2024, the Governing Body comprised three members of the Firm. For an overview of the Governing Body composition, please see the table further below.

The Firm seeks to obtain regulatory approval prior to any appointments to the Governing Body (and other SMFs), in line with the requirements under SMCR. The approved Governing Body members (i.e. partners) are listed on the FCA register.

Directorships

As set out above, the entire composition of the Firm's Governing Body is comprised of SMF 27 partners. The table below sets out the members of the Governing Body as at FYE 2024. The table further contains information on all directorship appointments held by the individual Governing Body members.

Table 1: Total number of directorships held by the members of the Governing Body

SMF Function/Role	Name	Total number of directorships
SMF 27	Peter Lurie	6
SMF 27, SMF17	Jens Michael Klaus Loosen	1
SMF 27	Panos Korantzopoulos	1

Diversity and Inclusion

Tenaron values the innovation and creativity that diversity of thought brings and understands that diversity and inclusion play an important role in establishing strong governance and high standards of conduct, which improves the Firm's performance. The Firm is committed to building a workforce that brings a range of perspectives, ideas and insights to the Firm's culture and conduct.

Governing Body Appointments

One of the Firm's objectives is to ensure that the Governing Body is a suitable and effective decision-making body that provides successful oversight and stewardship. Suitability of members of the Governing Body is reassessed periodically, in line with the requirements of the SMCR.

The members of the Governing Body are appointed in accordance with the following suitability criteria:

- Being of good repute.
- Being able to act with honesty, integrity and independence of mind.
- Overseeing, monitoring and challenging management decision-making effectively.
- Disclosing any financial or non-financial interests that could create potential conflicts of interest.
- Possessing sufficient knowledge, skills and experience to perform their duties.
- Being able to commit sufficient time to perform management body functions in a supervisory context.
- Not being restricted from taking up the position by any regulatory requirement.

The assessment of an individual's adequate knowledge, skills and experience will consider:

- The role and duties of the position and the required capabilities.
- The knowledge and skills attained through education, training and practice.
- The practical and professional experience gained in previous positions.
- The knowledge and skills acquired and demonstrated by the professional conduct of the members of the Governing Body.

The Firm focuses on these principles in recruiting and considers the benefits of diversity to maintain an appropriate range and balance of skills, experience and background of the Governing Body. In identifying suitable candidates, the Firm will consider candidates on merit against objective criteria, giving regard to the benefits of diversity.

3. Risk Management

Overview

The Firm conducts its risk management in a manner that is appropriate for the business activities it undertakes, its strategic objectives and for the management of risks the Firm is exposed to. Its approach to risk management is based on the Firm's risk management system, including risk strategy, which forms part of the Firm's existing Risk Management Framework ("RMF").

Due to the Firm's small size, limited complexity and single institutional client, the Firm has not established the industry recognised three lines of defence model nor an independent risk management function. The Governing Body is responsible for the oversight of risk and the day-to-day risk management activities to ensure that risks are appropriately mitigated through implemented controls.

Risk Management Framework

The Firm's RMF, which is formalised in the Business Model Assessment, comprises the following components:

- Risk governance including policies and procedures.
- Risk identification and documentation.
- Risk appetite, which includes a Risk Appetite Statement.
- Risk register.
- Internal capital adequacy and risk assessment ("ICARA") process.
- Monitoring, reporting and management information.
- Scenario analysis and stress testing.

The ICARA Process

As part of the risk management arrangements ("RMA"), Tenaron undertakes an assessment of the Firm's key risks to which it is exposed. The review is undertaken through the ICARA process. The process aims to identify and manage any material harms that the Firm may cause as a result of its regulated activities.

Further, the ICARA process aims to assess the necessary level of own funds and liquid assets which the Firm must hold during its economic cycle and in the event of a wind down.

The Firm's core ICARA elements are:

- Business model assessment.
- Key risks and impact assessment.
- Internal own funds adequacy assessment.
- Internal liquidity adequacy assessment.
- Own funds and liquidity stress testing implications with recovery actions.
- Wind-down planning.

Appropriateness of the RMA and Statement Approved by the Governing Body

The overall responsibility for the effectiveness and adequacy of the Firm's risk management arrangements, including the risk management objectives and policies, rests with the Governing Body of the Firm.

The Governing Body recognises that in pursuit of its business strategy objectives, the Firm's activities may cause potential harm to its sole client, market participants and to the Firm itself. The potential harms are assessed and considered as part of the Firm's strategy and the ICARA process. The Governing Body considers the Firm's risk management arrangements operating through the RMF to have been implemented to ensure compliance with the regulatory requirements, guidance and standards.

As such, the Governing Body deems the risk management arrangements to be appropriate for minimising the risk of harm and considers the risk management arrangements to be in line with the Firm's business strategy and risk appetite.

Principal Risks of Harm

The IFPR introduced a formulaic methodology (i.e., the K-factor Requirement (KFR)) for the calculation of minimum own funds (i.e., capital) requirements, derived from a firm's risks, that arise from undertaking regulated activities.

The methodology, as outlined in MIFIDPRU 4.6 will be focussed on K-AUM (Assets under Management) – where the principle risk arising from the poor discretionary management, execution or advice related to client portfolios

As such, as at FYE 2024, the single K-factor applicable to the Firm, based on its regulated activities, is the K-AUM. The Firm's exposure to K-AUM per MIFIDPRU 4.7 is associated with several aspects of operational risk such as inadequate or failed internal processes, people and systems – or from external events.

During the ICARA process, an internal risk assessment of potential additional harms relevant to Tenaron's sole client or, the Firm itself, was undertaken to ascertain whether additional Own Funds or liquid assets (not covered by the regulatory requirements) may be required in the form of additional capital or liquidity buffers.

Key risks

Below, we set out the core identified risks that the Firm is exposed to in the course of its business activities:

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Tenaron has undertaken a risk identification and scoring exercise across the Firm. This risk appetite statement translates into the acceptance of risks that fall within our operational risk appetite.

The Firm manages operational risk by regular identification and assessment process of associated risk controls and scenarios involving operational sub-risks.

Financial Risk

The Firm aims to prudently manage its exposures to the financial resources' risks and any potential tax or fraud issues.

a) Credit and Counterparty Risk

Credit and counterparty risk is defined as the risk of loss from the failure of a counterparty to repay or meet an obligation.

The Firm's exposure to credit risk may result in suffering financial loss should the Firm's sole client (and indirect parent company) or counterparties fail to fulfil their contractual obligations. The Firm's exposure to this risk arises predominantly because of deposits with banks and receivables from its parent.

The Firm manages this risk through periodic monitoring.

b) Liquidity Risk

Liquidity risk is defined as the risk that the Firm, although solvent, will be unable to meet its financial obligations as they fall due or unable to secure financial resources without excessive cost. The Firm is obliged to maintain sufficient liquidity to meet the regulatory requirements outlined in the IFPR, including the new minimum liquidity requirement of one third of the FOR (i.e., one month of fixed overhead) and holding liquid resources for wind down scenarios.

The Firm seeks to ensure that it has constant access to an appropriate level of cash to enable it to finance its on-going operations and reasonable unexpected events on cost-effective terms.

The Firm maintains ongoing monitoring and reporting of compliance with internal liquidity limits, including the monitoring of KRIs and early warning indicators relating to idiosyncratic and market indicators and specific stress scenarios.

Business Risk

Business risk is defined as any risk to a firm arising from changes in its business, including the risk that the firm may not be able to carry out its business plan and the desired strategy, including any risk arising from the Firm's remuneration policy.

The business risk to the Firm is mitigated by the structure of its relationship with the US parent, which remunerates the Firm based on fixed costs plus a margin and a share of certain incentive allocations as set forth in the amended and restated sub-investment management agreement ("Sub-IM Agreement"). Business risk to the Firm is closely tied to business risk to the US parent, which is registered with the U.S. Securities and Exchange Commission.

The Governance Body manages business risk through regular reassessments.

4. Own Funds

Composition of Regulatory Own Funds

The Firm's Own Funds (i.e., capital resources) comprise exclusively CET 1 capital, which consists of members ordinary capital, satisfying all criteria for a CET 1 instrument in accordance with the IFPR. As at the end of FY 2024, the Firm complied with the relevant capital regulatory obligations, as outlined in the IFPR.

Table 2: OF1 - Composition of regulatory own funds

Item	Amount (GBP thousands)
OWN FUNDS	1,046
TIER 1 CAPITAL	1,046
COMMON EQUITY TIER 1 CAPITAL	1,046
Fully paid-up capital instruments	860
Retained earnings	186

Reconciliation of Regulatory Own Funds to the Audited Balance Sheet

The table below describes the reconciliation with Own Funds in the balance sheet as at 31 December 2024, where assets and liabilities have been identified by their respective classes. The information in the table below reflects the balance sheet in the audited financial statements.

Table 3: OF2 - Reconciliation of regulatory own funds to Balance Sheet in the audited Financial Statements

Description As at period end December 31 2024	a
	Balance sheet as in audited financial statements
	Amounts in GBP thousands
Cash and cash equivalents	145
Tangible fixed assets	4
Debtors	1,663
Total assets	1,812
Creditors	(766)
Total liabilities	(766)
Members' ordinary capital classified as equity	860
Other reserves	186
Loans and other amount due to members	-
Total members' interests	1,046

Main Features of Own Instruments

The table below provides information on the CET1 Instruments issued by the Firm.

Table 4: OF3 -Main features of the Firm's issued own instruments (in GBP thousands)

Issuer	Tenaron Capital Management UK LLP
Governing law(s) of the instrument	UK
Regulatory Classification	CET1
Instrument type	Members ordinary capital classified as equity
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	860

5. Own Funds Requirements

Our Approach to the Adequacy Assessment of Own Funds

The Firm is obliged to disclose its approach to assessing the adequacy of its Own Funds in accordance with the overall financial adequacy rule ("OFAR"), outlined in MIFIDPRU 7.4.7R.

At a minimum, on an annual basis, the Firm undertakes an ICARA process to assess key risks from its business activities. In relation to the assessment of Own Funds, the Firm undertakes the following steps consistent with the ICARA process:

- Identification and assessment of key risks that arise from regulated activities.
- Assessment of potential harms arising from the key identified risks and measurement of any additional Own Funds necessary for ongoing operations.
- Ongoing compliance with the OFAR.
- Integration of stress test into the key risk management and assessment of Own Funds required to during stressed dislocations and cyclical economic fluctuations.
- Wind-down cost assessment to ensure that sufficient financial resources are maintained to support an orderly wind-down.
- Governing Body review and challenge of key assumptions and the level of own funds adequacy forecasted for at least the next 12 months.

OFAR Compliance

At all times, the Firm is required to hold sufficient financial resources both in amount and quality, to ensure that it:

- Remains financially sound throughout its economic cycle.
- Is able to address manage and mitigate any risks that may arise and cause harm from its ongoing business operations and activities.
- Can perform an orderly wind-down, minimising any harm to its sole client.

The Firm recognises that at a minimum, it must meet the OFR and the basic liquid assets requirement (BLAR). Classified as a non-SNI firm, the Firm must comply with the provisions of the OFR contained within MIFIDPRU 4.3.2R by holding the highest of its:

- Permanent minimum capital requirement (PMR) in line with MIFIDPRU 4.4.
- Fixed overhead requirement (FOR) in line with MIFIDPRU 4.5; or
- KFR in line with MIFIDPRU 4.6.

As such, to meet the OFAR, the Firm is obliged to hold the highest of the amount of own funds necessary for its ongoing operations, including any stressed periods during its economic cycle and during wind-down.

The Firm complies with its PMR of £75,000, which is a fixed, prescribed amount applicable to an investment firm based on its regulatory permissions to undertake specified regulated activities.

The FOR amounts to one-quarter of the Firm's expenditure (i.e., overheads) from the preceding year, after the distribution of its profits and deduction of certain non-fixed expenditure items, is calculated from the latest audited annual financial statements.

The KFR methodology for calculating the OFR, as outlined in MIFIDPRU 4, provides for a suite of K-Factors to be applied as relevant based on a firm's authorised permissions.

As noted further above, the single relevant K-Factor (KFR) applicable to the Firm is the K-AUM. The KFR is calculated by adding up the sums of the three risk categories: Risk-to-Client (RtC), Risk-to-Market (RtM) and Risk-to-Firm (RtF) as set out further below.

K-Factor Requirement and Fixed Overheads Requirement

The Firm is required to disclose the KFR and the FOR amounts in relation to its compliance with the OFR set out in MIFIDPRU 4.3. The OFR represents the higher of the KFR or FOR. The amounts are presented in Table 5 below.

Table 5: KFR displayed by sums of individual K-factors broken into 3 groupings, with the FOR and OFR amounts

Category of harm	K-factor	As at 31 December 2024 (GBP'000)
RtC	K-AUM Assets under management	377
	K-COH Client orders handled	-
	K-ASA Assets safeguarded and administered	-
	K-CMH Client money held	-
RtM	K-NPR Net position risk	-
	K-CMG Clearing margin given	-
RtF	K-TCD Trading counterparty default	-
	K-DTF Daily trading flow	-
	K-CON Concentration risk	-
KFR		377
FOR		308
OFR		377

6. Remuneration Policy and Practices

Performance Period

The Firm's performance period for remuneration purposes runs alongside its accounting reference date, 31 December.

Remuneration Policy and Practices

The Firm's approach to its remuneration arrangements is outlined in the remuneration policy, which applies to all staff. The policy is appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities the Firm undertakes.

The policy is implemented and maintains gender neutral remuneration practices. It is designed to promote sound and effective risk management by aligning the risk and reward. As such, it seeks to ensure that:

- It is in line with the strategy, objectives and long-term interests of the Firm.
- Considers financial and non-financial criteria; and
- It contains measures to avoid conflicts of interest.

The objectives of the Firm's remuneration practices are as follows:

- The Firm undertakes to reward all employees fairly, regardless of job function, race, religion, colour, national origin, sex, sexual orientation, marital status, pregnancy, disability or age.
- It is the policy of the Firm to operate competitive remuneration policies to attract, retain and motivate an appropriate workforce for the Firm.
- The Firm is committed to ensuring that its remuneration practices encourage high standards of personal and professional conduct, support sound risk management aligned with the Firm's regulatory requirements, and disincentives risk taking that exceeds the level of tolerated risk of the Firm.
- Provides rewards for all staff aligned to financial and non-financial performance criteria and risk profile, and the Firm's business strategy, objectives, values, culture and long-term interests.
- The Firm will not allow any unfair or unjust practices that affect pay.
- The Firm undertakes that it will not award remuneration using vehicles or methods intended to avoid application of the relevant FCA's Remuneration Code.

The Governing Body believes that the Firm's remuneration arrangements are appropriate for the Firm and the industry it operates in and is aligned with the Firm's strategy to create long-term value.

The Firm's objectives are to align compensation with the creation of long-term value, which enhances the Firm's reputation; and preclude undeserved remuneration, which sends a negative message to stakeholders and the Firm's staff.

Governance of the Remuneration Arrangements

Given that the Firm is not required to establish a Remuneration Committee, the chairperson of the Firm's Governing Body, in consultation with Tenaron US, is responsible for:

- Oversight of the implemented remuneration policy.
- Reviewing and approving remuneration.
- Ensuring that the Firm's remuneration policy is consistent with the promotion of effective risk management.

Identification of Material Risk Takers (MRTs)

The Firm has identified its MRTs in accordance with the SYSC 19G provisions and criteria relating to the identification of MRTs. In the FY 2024, the total number of identified MRTs was five.

Risk Adjustment

Any variable remuneration awarded to the Firm's MRTs is subject to adjustments, especially adjusting deferred discretionary bonuses that have not yet vested.

Any payments to MRTs relating to the early termination of an employment contract reflect the individual's performance over time and do not reward failure or misconduct.

Components of Remuneration

The Firm makes a clear distinction between fixed and variable remuneration. The Firm will ensure that the fixed and variable components of an individual's total remuneration are appropriately balanced. In determining this balance, the Firm considers the following factors:

- The Firm's business activities and associated prudential and conduct risks.
- The role and level of experience of the individual.

In doing so, the Firm seeks to ensure that:

- No individual is dependent on variable remuneration to an extent likely to encourage them to take risks inconsistent with the risk guidelines of the Firm; and
- Variable remuneration does not affect the Firm's ability to ensure a sound capital base.

When assessing individual performance to determine the amount of variable remuneration, the Firm takes into account financial as well as the non-financial criteria.

Financial and Non-Financial Performance Criteria

When assessing the individual performance of its staff, the Firm considers both financial and non-financial criteria.

In regard to the financial performance criteria, Tenaron considers the performance of the Firm and the individual performance, only after the Firm's liquidity and capital requirements have been considered.

Fixed remuneration

Fixed remuneration consists of a basic salary which primarily reflects a staff member's professional experience and organisational responsibility as set out in the staff member's job description and terms of employment; and is pre-determined, nondiscretionary, non-revocable and for a specified period not dependent on performance.

Variable remuneration

The Firm's variable remuneration may consist of:

- Discretionary bonus;
- Sign on bonus; and
- Severance payment.

The pay-out of variable remuneration is based on annual performance, reflecting the long-term performance of the staff member in the context of the staff member's job description and terms of employment. In exceptional cases, variable remuneration may be based on other factors.

Quantitative Remuneration Disclosures

For the performance period which runs in parallel with the FY, the Firm awarded the below set out amounts of remuneration to all of its staff as follows:

Table 6: Remuneration awarded to Senior management, other MRTs and other staff

Staff category	Remuneration type	GBP'000s
Senior management	Fixed remuneration	190
	Variable remuneration	217
	Total amount	407
Other material risk takers (MRTs)	Fixed remuneration	34
	Variable remuneration	-
	Total amount	34
Other staff	Fixed remuneration	262
	Variable remuneration	191
	Total amount	453

Table 7: Remuneration awarded to Senior management and other MRTs

Staff category	Remuneration type	GBP'000s	Total recipients
Senior management	Guaranteed variable remuneration	-	-
	Severance payments	-	-
	Highest severance awarded to an individual member of senior management	-	
Other MRTs	Guaranteed variable remuneration	-	-
	Severance payments	-	-
	Highest severance awarded to an individual MRT	-	