EXT Ltd

Regulated by the Cyprus Securities and Exchange Commission License no. ***165/12***
Legal Entity Identifier: ***213800K13N6U5B2BU244***

DISCLOSURE AND MARKET DISCIPLINE REPORT FOR THE PERIOD FROM 1st OCTOBER 2023 until 30th SEPTEMBER 2024

February 2025

DISCLOSURE

The Disclosure and Market Discipline Report for the period from 1st October 2023 until 30th September 2024 has been prepared by ***EXT Ltd*** *as per the requirements of [Regulation (EU) 2019/2033] (the "Investment Firms Regulation", "IFR") issued by the European Commission and the [Law 165(I)/2021 on the prudential supervision of investment firms] ("L.165(I)/2021") issued by the Cyprus Securities and Exchange Commission(the "CySEC").*

EXT Ltd *states that any information that was not included in this report was either not applicable on the Company's business and activities -OR- such information is considered as proprietary to the Company and sharing this information with the public and/or competitors would undermine our competitive position.*

EXT Ltd *is regulated by the Cyprus Securities and Exchange Commission under License number* ***165/12****.*

The Legal Entity Identifier of ***EXT Ltd*** *is* ***213800K13N6U5B2BU244****.*

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The Board of Directors is ultimately responsible for the risk management framework of the Company. The Risk Management framework is the sum of systems, policies, processes and people within the Company that identify, assess, mitigate and monitor all sources of risk that could have a material impact on the Company's operations.

The Board of Directors approves in full the adequacy of Risk Management arrangements of the institution providing assurance that the risk management systems in place are adequate with regards to the institution's profile and strategy.

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1. Introduction

1.1. Investment Firm

EXT Ltd is established as a Cyprus Investment firm ("CIF"), licensed and supervised by CySEC. The **EXT Ltd** was granted its license on **28th February 2012**.

EXT Ltd offers Investment and Ancillary services to retail clients. Its current activities are concentrated in the provision of investment services including reception and transmission of orders in relation to one or more financial instruments, execution of orders on behalf of clients and dealing on own account.

Additionally, **EXT Ltd** provides ancillary services, which include the safekeeping and administration of financial instruments, including custodianship and related services, granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction and foreign exchange services where these are connected to the provision of investment services.

Table 1: Company information

Company name	EXT Ltd
CIF Authorization date	28th February 2012
CIF License number	165/12
Company Registration Date	12th September 2011
Company Registration Number	HE 293592
Investment Services	
Reception & Transmission of orders in relation to one or more financial instruments.	
Execution of Orders on Behalf of Clients.	
Dealing on own account.	
Ancillary Services	
Safekeeping and administration of financial instruments, including custodianship and related services.	
Granting credit or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction.	
Foreign exchange services where these are connected to the provision of investment services.	

1.2. Purpose

The present report is prepared by **EXT Ltd** (the "Company"), a CIF authorized and regulated by the CySEC under the license number 165/12 and operates in harmonisation with the Markets in Financial Instruments Directive ("MiFID II").

In accordance with Part Six of IFR and the Paragraph 37 of L.165(I)/2021, the Company is required to disclose information relating to its risk exposure and management, capital structure, capital adequacy as well as the most important characteristics of the Company's corporate governance including its remuneration system. The scope of this report is to promote market discipline and to improve transparency of market participants.

These Pillar III Disclosures are made on a solo basis and are updated and published annually; it will, however, be published more frequently if there are significant changes to the business (such as changes to the scale of operations, range of activities, etc.). The Company's ESG Pillar III disclosures are prepared on a solo basis on a bi-annual basis. CySEC is responsible for implementing and enforcing the Directive (EU) 2019/2034 *(the "Investment Firms Directive", "IFD") issued by the European Commission*, a capital adequacy framework consisting of three (3) 'Pillars':

- Pillar I: sets 1) minimum capital requirements comprising of base capital resources requirements; Risk to Client, Risk to Market and Risk to Firm risk capital requirements; and the Fixed Overheads requirement. 2) minimum liquidity requirement. 3) concentration risk limits.
- Pillar II: requires firms to undertake an overall internal assessment of their capital adequacy and their liquid assets, taking into account all the risks which the firm is exposed to and whether additional capital should be held to cover risks not adequately covered by Pillar I requirements. This is achieved through the Internal Capital Adequacy Assessment Process and Internal Risk-Assessment Process ("ICARAP").
- Pillar III: complements Pillars I and II and improves market discipline by requiring firms to disclose information on their capital resources and Pillar I capital requirements, risk exposures and their risk management framework.

The Pillar III Disclosures Report for the period from 1st October 2023 until 30th September 2024 sets out both quantitative and qualitative information required in accordance with Part Six of the IFR and in particular articles 46 to 53, which set the requirements of the disclosures.

The information contained in the Pillar III Market Discipline and Disclosure Report is audited by the Firm's external auditors and published on the Company's website at *https://cy.exante.eu*, *https://ext.com.cy* and *www.exante.eu*, on an annual basis.

Furthermore, the Board of Directors ("BoD") and the Senior Management have the overall responsibility for the internal control systems in the process of capital adequacy assessment and they have established effective processes to ensure that the full spectrum of risks faced by the Company is properly identified, measured, monitored and controlled to minimise adverse outcomes.

The Company's business effectiveness is based on the guidelines of the risk management policies and procedures put in place. The BoD, Internal Audit, Risk Manager, Compliance and Anti-Money Laundering Officer control and supervise the overall risk system so that all units charged with risk management perform their roles effectively on a continuous basis.

As with all investment firms, the Company is exposed to a variety of risks and in particular to Risk to Client, Risk to Market, Risk to Firm and Operation risk. More information can be found in the sections below.

The Company is not preparing consolidated financial statements and is making the disclosures on an individual basis.

1.3. The Company

The Company acts as a CIF and operates in **Cyprus**, authorised to provide Investment and Ancillary Services to clients in **33** countries. As at 30th September 2024 the Company had **55** employees in Cyprus.

The products of the Company will be targeting predominantly (potentially exclusively) retail clients.

The Company has a stable business model and this is reflected in:

- A well-balanced capital allocation between the Company's operations
- A geographically balanced model.

The Company's growth strategy focuses on its existing areas of expertise and the quality of its customer base. The Company strives for sustainable profitability consistent with its cost of capital and a balanced business model. To this end, the Company:

- Seeks to contain the volatility of its results.
- Calibrates its capital ratio to ensure a significant safety margin relative to the minimum regulatory requirements.
- Monitors the stability and diversification of its funding sources.
- Ensures sufficient resilience in scenarios of liquidity shortages.
- Tightly controls its foreign-exchange risks.

The Company aims to maintain a diversified customer base.

The Company ensures that compliance rules are rigorously respected, especially in the area of anti-money laundering and counterterrorism financing. The Company monitors the loyalty of the behaviour of its employees with regard to customers and all its stakeholders, as well as the integrity of its investment and financial practices.

The Company considers its reputation to be an asset of great value that must be protected to ensure its sustainable development. The prevention and detection of the risk of harm to its reputation are integrated within all the Company's operating practices. The Company's reputation is protected by making its employees aware of the values of responsibility, ethical behaviour and commitment.

1.4. Regulatory Supervision

The minimum capital requirements as at 30th September 2024 for the IFD were calculated in accordance with the 'Pillar I' rules as set out by the Laws and Regulations, published by the CySEC. All CIFs under CySEC's authority must meet the requirements with respect to capital adequacy and market discipline, which are comprised by the following:

- Law ***L.165(I)/2021***: Prudential supervision of investment firms (hereafter "the Law on prudential supervision of investment firms").
- ***Regulation (EU) 2019/2033*** – Prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 – (hereafter "Investment Firms Regulation", or "IFR").
- ***Regulation (EU) No. 648/2012*** – European Markets Infrastructure Regulation.
- ***Directive (EU) 2019/2034*** on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU and 2014/65/EU – (hereafter "Investment Firms Directive", or "IFD").
- .87(I)/2017, L.44(I)/2020, L.78(I)/2021, L.91(I)/2021, L. 159(I)/2021, L. 9(I)/2022, L.18(I)/2023, L. 96(I)/2024 and L. 12(I)/2025 ("the ***Investment Services Law***")
- ***Regulation (EU) No. 575/2013*** – Prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (hereafter "CRR").
- ***Directive (EU) 2013/36 EU*** - on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (hereafter "CRD IV").
- ***Law L.97(I)/2021*** on the capital adequacy of investment firms
- ***Directive DI-97-01*** regarding the discretions provided by Regulation (EU) 575/2013.

2. Governance and Risk Management

Implementing a high-performance and efficient risk management structure is a critical undertaking for the Company, in all businesses, markets and regions in which it operates, as are maintaining a strong risk culture and promoting good corporate governance. The Company's risk management, supervised at the highest level is compliant with the regulations enforced by CySEC and the European regulatory framework.

The implementation of a high-performance and efficient risk management system is a critical undertaking for the Company, as well as the balance between strong risk culture and the development of its activities.

The Enterprise Risk Management programme ("ERM") is closely monitored at the highest level of the Company: it is supervised by the Management body, with the participation of members of the Executive Committee, and is the subject of regular reporting to the BoD.

The ERM programme has improved the consistency and effectiveness of the Company's risk management system by fully integrating risk prevention and management within the day-to-day management of the Company's operations. In particular, the BoD ensures the adequacy of the Company's risk management infrastructure, monitoring changes in the cost of risk and approves the risk limits for market risks.

The Company operates a separate Risk Management function, which is responsible for the implementation of the Risk Management Policy, set by the BoD and the Risk Management Committee. The Risk Management Function is also responsible for the Risk Appetite of the Company and the monitoring of the risks on a regular basis. The procedures set by the Company ensure that all risks are effectively managed and measured against the set level of risk tolerance.

The Risk Management Function consists of the Risk Manager and the Risk Management Committee, which operates independently to the rest of the Company's functions. The Risk Manager reports to the Managing Director of the Company. The Risk Manager shall also submit reports to the Senior Management and BoD on a frequent basis, and at least annually, indicating whether the appropriate remedial measures have been taken in the event of any deficiencies.

The Risk Management function can report directly to the BoD, independently from Senior Management, in order to raise concerns and warn where appropriate, if risks identified can affect the Company.

The Company's Risk Management Committee held **1** meeting during 2024, discussing important issues surrounding the Company's operations.

The Company has established separate control functions which work independently from its operations and include the Compliance, Risk Management and Internal Audit functions. The head of each control function report directly to the Managing Director and have direct access to the BoD to raise concerns and warn in relation to any matter that may affect the Company. Meetings with the Board Committees and the relevant control function takes place on a regular basis.

The BoD ensures that each control function has adequate recourses to perform their responsibilities in accordance to the size and the complex of the Company.

2.1. Types of Risks

Given the diversity and evolution of the Company's activities, risk management involves the following main categories:

- Risk to Client: risks carried by an investment firm during its services, actions or responsibilities, that could negatively impact its clients. RtC captures the risks arising from the clients assets under management and ongoing advice, client money held, assets safeguarded and administered and client orders handled.
- Risk to Market: risk of loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets, including real estate assets.
- Risk to Firm: risk of an investment firm's exposure to the default of its trading counterparties, concentration exposure in its large exposures to specific counterparties and operational exposures from its daily trading flow.
- Concentration risk (including Country risk): risk of losses arising from the inability of the Company's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes Counterparty risk linked to market transactions (Replacement risk) and securitisation activities. In addition, Credit risk may be further amplified by Concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of counterparties; Country risk arises when an exposure (loan, security, guarantee or derivative) becomes liable to negative impact from changing political, economic, social and financial conditions in the country of exposure.
- Operational risks (including Accounting and Environmental risks): risk of losses arising from inadequacies or failures in internal procedures, systems or staff, or from external events, including low-probability events that entail a high risk of loss.

- Liquidity risk: risk of the Company not being able to meet its cash or collateral requirements as they arise and at a reasonable cost.
- Compliance risk (including Legal and Tax risks): risk of legal, administrative or disciplinary sanction, or of material financial losses, arising from failure to comply with the provisions governing the Company's activities.
- Reputational risk: risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Company's ability to maintain or engage in business relationships and to sustain access to sources of financing.
- Strategic risk: risks inherent in the choice of a given business strategy or resulting from the Company's inability to execute its strategy.
- Business risk: risk of lower than anticipated profits or experiencing losses rather than a profit.

2.2. Risk Appetite

The Company defines Risk Appetite as the level of risk, by type and by business that the Company is prepared to incur given its strategic targets. Risk Appetite is defined using both quantitative and qualitative criteria.

The Risk Appetite Framework takes into account earnings sensitivities to business cycles and credit, market and operational events. The Risk Appetite is one of the strategic oversight tools available to the Management bodies. It underpins the budgeting process and draws on the ICARAP, which is also used to ensure capital adequacy under stressed economic scenarios.

Furthermore, the positioning of the business in terms of risk/return ratio as well as the Company's risk profile by type of risk are analysed and approved by the BoD. The Company's risk appetite strategy is implemented by the Senior Management in collaboration with the BoD and applied by all divisions through an appropriate operational steering system for risks, covering:

- Governance (decision-making, management and supervisory bodies).
- Management (identification of risk areas, authorisation and risk-taking processes, risk management policies through the use of limits and guidelines, resource management).
- Supervision (budgetary monitoring, reporting, leading risk indicators, permanent controls and internal audits).

Essential indicators for determining the Risk Appetite and their adaptations are regularly supervised over the year in order to detect any events that may result in unfavourable developments on the Company's risk profile. Such events may give rise to remedial action, up to the deployment of the recovery plan in the most severe cases.

The BoD of the Company has the ultimate responsibility for the Company's risk appetite at all times.

The Company is considering the time and requirements in order to initiate the establishment of a Risk Appetite Statement.

2.3. ICARAP

The ICARAP requires to assess and quantify the Company's position, how the Company mitigates, and controls risks and to determine the amount of internal capital and the amount of liquid assets that the Company considers adequate in order to cover the nature and the level of all risks that the Company faces or to cover any potential risks to which the Company may be exposed in the future.

On 10th July 2019, CySEC issued Circular C326 regarding the Prudential Supervision Information which will be required to be submitted ("Form 165-03[1]") by all the Investment Firms by the 30th of June each year. Specifically, this particular form was addressed by CySEC in order to collect relevant information by the CIFs regarding the following areas:

- The assessment of Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP"),
- The assessment of audited financial statements,
- The safeguarding of clients' money.

The results of the stress tests performed as part of its latest ICARAP report showed that the Company is expected to have adequate capital and liquidity reserves to absorb the impact of such risks if they were to materialize in line with the tests' parameters.

[1] Form165-03 replaced the Form 144-14-11 through Circular C526 issued on 22nd June 2022.

2.4. Stress Tests

Stress testing is a key risk management tool used by the Company to rehearse the business response to a range of scenarios, based on variations of market, economic and other operating environment conditions. Stress tests are performed for both internal and regulatory purposes and serve an important role in:

- Understanding the risk profile of the Company.
- The evaluation of the Company's capital adequacy in absorbing potential losses under stressed conditions: This takes place in the context of the Company's ICARAP on an annual basis.
- The evaluation of the Company's strategy: Senior management considers the stress test results against the approved business plans and determines whether any corrective actions need to be taken. Overall, stress testing allows senior management to determine whether the Company's exposures correspond to its risk appetite.
- The establishment or revision of limits: Stress test results, where applicable, are part of the risk management processes for the establishment or revision of limits across products, different market risk variables and portfolios.

The ultimate responsibility and ownership of the Company's stress testing policy rests with the BoD. If the stress testing scenarios reveal vulnerability to a given set of risks, the management should make recommendations to the BoD for mitigation measures or actions. These may vary depending on the circumstances and include one or more of the following:

- Review the overall business strategy, risk appetite, capital and liquidity planning.
- Review limits.
- Reduce underlying risk positions through risk mitigation strategies.
- Consider an increase in capital.
- Enhance contingency planning.

The Company shall perform financial modelling and stress analysis on a frequent basis especially when year-end financial results are available or when it revises its business plan, mainly through its ICARAP report.

2.5. Diversity Policy

Diversity is increasingly seen as an asset to organizations and linked to better economic performance. It is an integral part of how the Company does business and imperative to commercial success.

The Company recognizes the value of a diverse and skilled workforce and management body, which includes and makes use of differences in the age, skills, experience, background, race and gender between them. A balance of these differences will be considered when determining the optimum composition.

The Company is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organization into the future. This is also documented as best practises in the Corporate Governance Code of many EU countries.

In line with the recent changes in the regulatory reporting framework, the Company maintains a dedicated diversity policy in relation to the Management body.

2.6. Investment Policy

The Company does not meet the criteria of Article 32(4)[a] of the IFD, since its total on and off-balance sheet assets are on average more than **EUR100 million** over the four-year period immediately preceding the given financial year. However, as at the reference date the Company did not hold any shares that would meet the criteria stated in Article 52(2) of IFR, since the Company's shares are not admitted to trading on a regulated market.

2.7. Environmental, social and governance risks

2.7.1 ESG risk identification:

Environmental, social and governance ("ESG") risks include those related to climate change impacts mitigation and adaptation, environmental management practices and duty of care, working and safety condition, respect for human rights, anti-bribery and corruption practices, and compliance to relevant laws and regulations.

The Company's ESG risk arises from its own, its counterparties' operating activities or the invested assets impact on environmental, social and governance factors.

The ESG factors, incorporating environmental issues (such as climate change, natural resource depletion and pollution), social issues (such as human rights, labour standards, and community relations) and governance issues (such as board composition, executive compensation, and corruption) play an important integral role to the Company's long-term sustainability and profitability.

The companies, which fail to effectively manage their ESG risks may face financial, reputational, and regulatory consequences.

2.7.2 ESG Governance:

The Company embeds ESG criteria into its internal governance and BoD and relevant Board Committees' responsibilities and practices by assigning ESG related responsibilities and reporting lines in all three lines of defence. This particular section describes the Company's governance arrangements relevant to environmental, social and governance risks. The graph below outlines, the key bodies/departments/ committees within the Company, responsible for setting, approving, implementing and monitoring its ESG strategy:

Board of Directors

↓

Nominations Committee

↓

Management Board

↓

Risk Management Committee

Responsible regarding the assessment and monitoring of the Company's ESG footprint.

↓

The Company' s Chief Executive officer is responsible regarding the implementation of the overall strategic direction, development and delivery of the Company s sustainability and ESG ambitions, innovations and commitments, as part of the overall business model.

In response to the EBA's guideline on climate-related and environmental risks, the Company has integrated the ESG assessment in the overall risk framework and business strategy. The Company's Chief Executive Director leads and coordinates activities across the Company in relation to ESG matters and endeavours to ensure awareness on the ESG related initiatives internally. Further to the above, the Company's Chief Executive Officer manages its ESG risk and coordinates the relationships with the relevant key external and internal stakeholders.

Board Committee and Other Committees – Roles and responsibilities:

Board of Directors

- Monitoring the ESG risk metrics.
- Review of the ESG policy and assess whether the relevant ESG risks faced by the Company are taken into consideration.
- Ensure that Climate, governance and environmental risks are adequately managed.

Board Nominations

- Provide support to the Board of Directors in supervising and challenging actions faced from its business activites in regard to its ESG risk.
- Reviews and recommends for approval by the Board of Directors of the ESG impact monitoring reports.

Risk Management Committee

- Receive an update in regard to the Company's ESG risk level on a frequient basis.

Monitoring, Reporting and Frequency:

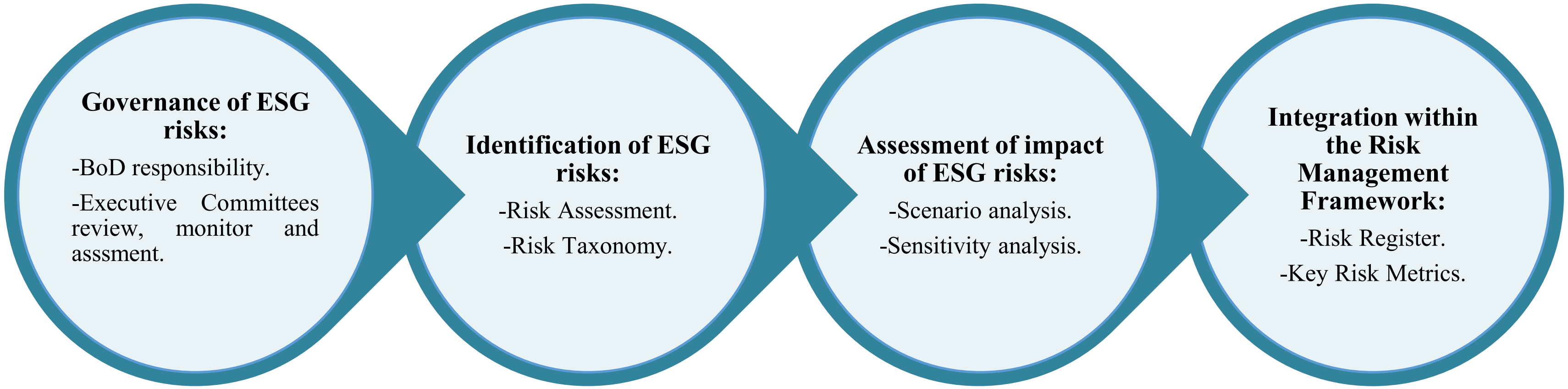
ESG issues are monitored through qualitative and quantitative metrics, KRIs and KPIs and are reported to the Company's Senior Management, Risk Management Committee and Board of Directors on at least a bi-annual basis for their review and approval.

Further to the above, ESG risks and incidents are escalated to Risk Management Committee and Board of Directors as per the internal escalation procedures.

Prior proceeding with a management action that it is expected to materially affect the Company's risk profile the Chief Executive Officer assess its ESG risk indicators levels and submits the level of the risk indicators to the Senior Management and the BoD for their review and approval.

The Company's Chief Executive Officer examines the possible mitigation options to determine the most appropriate action for managing the ESG risks; these are to transfer, avoid, reduce or accept ("TARA") the risk and establishes the appropriate mitigation/action plan to be implemented. The action plan is assessed prior submission to the Senior Management and the BoD by the Chief Executive Officer for ensuring that its implementation will prevent the breach of a regulatory limit.

The following graph illustrates the governance and reporting process of the ESG risks and how these are identified and classified, quantified and monitored through the risk management framework and their impact on strategy setting.


Governance of ESG risks:
-BoD responsibility.
-Executive Committees review, monitor and asssment.
Identification of ESG risks:
-Risk Assessment.
-Risk Taxonomy.
Assessment of impact of ESG risks:
-Scenario analysis.
-Sensitivity analysis.
Integration within the Risk Management Framework:
-Risk Register.
-Key Risk Metrics.

Lines of reporting and frequency of reporting relating to ESG risks:

The Risk Management Committee, the Board of Directors and the Board of Nominations are informed on at least a bi-annual basis by the Risk Manager and the Chief Executive Director regarding the ESG matters, including the Company's ESG risk level and initiatives taken for mitigating the Company's ESG risk, assessment of its potential ESG impact and updated ESG Action plan. The bi-annual ESG reports will be discussed and approved by the Company's BoD.

The table below summarises the key reporting and monitoring activities, which are performed by the Company, in relation to ESG matters along with their frequency and the responsible bodies involved.

Reporting	Frequency	Responsible body	Recipient Body
Update on ESG initiatives and activities	Bi-annual	Senior Management	BoD
Pillar III disclosures, which include ESG risks.	Bi-annual	Senior Management	BoD
Report on Key Risk Indicators levels compared to the Company's ESG risk limits	Bi-annual	Senior Management	BoD
Report on the ESG risk assessment.	Bi-annual	Senior Management	BoD
Updated on the Company's ESG action plan.	Bi-annual	Senior Management	BoD

Remuneration Policy:

In regards to the alignment of the Company's Remuneration Policy with environmental risk-related objectives, the Company during the period from 1st October 2023 until 30th September 2024 proceeded with the review and update of its Remuneration Policy in order to ensure that ESG sensitive products are not promoted.

Further to the above, the Company's updated Remuneration Policy illustrates the procedures to be followed for assessing the fair salary for each employee based on his duties and responsibilities and the minimum salary required for a well-being salary in the country of residence promoting the gender equality, good health and well-being, reduced inequalities and decent work and economic growth.

Other Governance considerations:

The Company's BoD retains the ultimate responsibility in relation to the development and implementation of the Company's ESG strategy.

Activities towards the community and society:

The Company acknowledges its responsibility towards the community and its safeguarding plays an integral role in its strategy.

Employee relationships and labour standards:

The Company acknowledges the importance of creating and maintaining collaboratively crafted, created and nurtured workplace environment, which allows its employees to feel safe and that their voice matters. The Company commits to promote the growth culture through the utilisation of feedback and performance tools, including annual performance reviews, as well as role-specific training and providing prospects for professional development to all of its employees. The Company shall maintain a Diversity Policy which shall contain its procedures in place for promoting respecting and appreciation diversity in all of its forms (age, gender, ethnicity, culture and etc). The Company is willing to provide equal opportunities to all of its employees by maintaining a culture which is not affected by discrimination practices and promotes respect and impartiality. The Company, in line with its Diversity implemented procedures ensures that diversity and inclusion is taken into consideration during the recruiting, selection and succession planning process of its key function holders' positions. Further to the above, the Company's practices and procedures are designed in such a manner so that to ensure that during the recruitment the most suitable person is selected, based on his respective abilities and no person is treated unfairly and not rejected on grounds of race, colour, gender, ethnic or national origins, religion, beliefs, nationality, sexual orientation, marital status, age, social background or disability. The Company admits the Freedom of Association and Collective Bargaining. Moreover, the Company maintains a Work From Home Policy, which aims to provide alternative, flexible and modernised work arrangements, which best fit the personal needs and professional preferences of its employees and at the same time aim at a mutual benefit for the Company itself, in terms of productivity, business continuity, employee engagement and morale. Additionally, the Company is committed in adopting work and life synchronisation and support its employees' needs, embracing their preferences, lifestyle, conditions and personal responsibilities of a diverse workforce. The Company's Work from Home Policy, has been drafted based on best practices aiming to provide a mutual benefit for the employees and the Company itself, creating a more flexible working environment. The hybrid approach adopted by the Company, which combines both physical presence and remote working, allows its employees access to alternative, flexible working arrangements, but at the same time does not hinder social connection and collaboration, that is deemed crucial to effectively perform the required duties and responsibilities.

Customer protection and product responsibility:

The provision of its services honestly, fairly and professionally in accordance with the best interests of its clients and customer satisfaction are essential for the Company. The Company intends to offer quality service to all its customers, in alignment with the regulatory provisions, its strategic plan. The Company considers the volume of data and that its processing activities, involve personal data, and acknowledges the possible risks to the people's rights and freedoms. Based on this the Company has developed a GDPR policy, which illustrates the procedures to be followed to prevent any acts of unlawful processing of personal data and ensure compliance with the Company's obligations arising from the General Data Protection Regulation. Further to the above, the GDPR Policy sets out the basis on which any personal data are collected, processed and outlines the measures that shall be taken for ensuring the privacy and security of personal information is respected throughout the Company. Processing personal data of natural persons are conducted in accordance with the provisions of the data protection principles as set out in the General Data Protection Regulation.

Human rights:

Human rights protections and respect, form part of the Company's essential values, which re calling for a continuous and collective work with all involved parties to enhance current practices and promote awareness on diversity and inclusion. Such practices are crucial for the Company and thus various policies and procedures are in place for managing potential complaints, such as Disciplinary code for dealing with harassment in the workplace, and Code of Business Conduct and Ethics. In accordance with the strictest standards of professional practice, integrity, moral and ethical behaviour, the Company's BoD retains the ultimate responsibility to establish a sound and appropriate Code of Business Conduct and Ethics, taking into account the specific needs and characteristics of the Company and stating its zero tolerance to violation of this Code, in order to ensure the adequate implementation of the aforesaid standards. This Code defines the standards, principles, values and rules of conduct, behaviour by which all activities of the Company should be governed in all dealings with clients, Third Parties, public authorities as well as with colleagues of all levels, members of the BoD and shareholders. Further to the above, the Company maintains the Anti-Bribery and Corruption Policy, which aims to prevent, identify, confront and detect bribery and corruption stemming from the Company's zero tolerance to bribery and corruption. Conflicts of interest relating to the Company's business activity, or the parties involved in the process must be explicitly declared without undue delay, evaluated and managed following the provisions of the Conflicts of Interest Policy and relevant Procedure.

Moreover, the Company considers ESG matters such as human and labour rights (non-forced labour, non-child labour, foreign workers rights, wages and welfare benefits, non-discrimination) as well as environmental issues during the due diligence performed prior establishing business relationship with new counterparties. Additionally, the Company considers the health and safety of all its employees, customers and other stakeholders as crucial and is continuously taking measures for promoting health and safety, implementing a proactive approach with the aim to prevent accidents. The Company complies and applies the highest health and safety standards across operations and office.

Governance arrangements of counterparties:

The Company performs due diligence checks on its counterparts and maintains records of the checks performed along with a due diligence forms summarising its due diligence conclusion.

The Company's due diligence checks involve also environmental and social factors for evaluating the Company's counterparty credit risk emanating from ESG issues.

In particular, the Company's counterparty assessment takes into account the applicable SDG score assigned to the country of incorporation/residence of its counterparties and its ESG scores if available. The Company's ESG scores are extracted from approved ESG raters, such as MSCI, Sustainalytics, Bloomberg and etc. However, the Company to overcome the ESG related data availability issues the Company is considering to employ different methods and tools using internally developed methodologies and assumptions, and actual data collected from its counterparties, which will take into consideration the following factors.

- Financial Strategy and Risk Management.
- Organizational structure.
- Compliance and reporting.
- BoD structure, policies and procedures.
- Human and labour rights
- Ethical considerations.

Due diligence form which summarises its due diligence conclusion.

The Company's due diligence checks involve also environmental and social factors for evaluating the Company's counterparty credit risk emanating from ESG issues.

In particular, the Company's counterparty assessment takes into account the applicable SDG score assigned to the country of incorporation/residence of its counterparties and its ESG scores if available.

2.7.3 ESG Risk Management

A comprehensive Risk Management approach is used to manage ESG risks, where the Board of Directors (BoD) members set the pace of accountability for ESG risk throughout the organization by overseeing the relevant ESG initiatives in place and ensuring they are consistently monitored. This includes assessing potential ESG risks through regular evaluations, setting thresholds for acceptable levels of risk, and maintaining ongoing dialogue with stakeholders to address concerns and opportunities. The BoD ensures that there is clear responsibility and accountability for ESG risks at all levels of the organization, fostering a culture of sustainability and ethical governance.

The Company has an independent Risk Management function, which is headed by the Risk Manager.

The Company's Risk Manager is responsible for performing the ESG impact assessment, computing the Key risk indicators and deliver the reports in regards to ESG matters, activities and initiatives taken for mitigating the Company's ESG risk, assessment of its potential ESG impact and updated ESG Action plan.

ESG risk drivers are linked to financial as well as non-financial risks through transmission channels that could impact the Company either directly or indirectly. The following graph demonstrates how the key ESG risk drivers are linked to the main categories of financial and non-financial risks and their key transmission channels:

Risk drivers

- **Environmental:**
  - Physical risk
  - Transition risk
- **Social:**
  - Changes in social policy.
  - Changes in market sentiment.
- **Governance:**
  - Inadequate management of Environmental and Social risks.
  - Non-compliance with corporate governance framework.

Transmission chanels

- Profitability impact.
- Legal costs charges.
- Financial assets measurement and impairment.

Risks

- Counterparty Credit Risk.
- Operational Risk.
- Market Risk.
- Liquidity Risk.

ESG Risk Taxonomy:

The Company's approach in regard to the assessment of materiality for ESG risks remains the same with its approach in relation to the assessment process as with other risk categories within the Company's risk taxonomy. ESG risks have been integrated into a dedicated ESG Risk Taxonomy. In particular, environmental risks are categorized into physical and transition risks, while all ESG risks, are considered as drivers of prudential risk, (i.e. counterparty credit risk, operational risk, market risk and liquidity risk), which are already existed risks and therefore, they are integrated into the Company's Risk Management Framework. The ESG Risk Taxonomy outlines relevant inherent and residual risk of each ESG risk through the use a Risk Scoring Methodology.

During the period under review from 1st October 2023 until 30th September 2024 the following ESG risks were identified as key risks:

Risk Category	***Risk driver***	***Description***	***Assessment process***	***Monitoring process***	***Risk Management tools***
Market Risk	Physical Risk	Due to unexpected unpredictable adverse events driven by climate change, such as floods, wildfires, storms, cyclons and duststorms or chronic weather patterns such as temperature changes, drought and rising sea levels as well as environmental risks, such as water stress, environmental hazards, pollution, biodiversity degradation there is a risk of sudden pricing deterioration, higher volatility and losses in assets values. Under this scenario the Company will face significant challenges, regarding its gain/losses from its trading positions. The Company is directly exposed to physical risk arising from its market making services to climate change sensitive instruments that the Company will offer to its clientele.	The Company constructs and performs tailored made ESG stress tests for assessing the Company's potential impact of its liquidity position and profitability due to the challenges faced from ESG related events.	The Company monitors the available ESG scores assigned to its offered instruments by ESG approved raters, such as MSCI, Sustainalytics, Bloomberg and etc.	Risk Register and ICARAP
	Transition Risk	The risk of not adequately or timely adjusting to climate policy adjustments in accordance with the regulatory obligations and possibly to the changes of the clients' preferences or failure to act towards to minimise the Company's footprint on climate change may result into sudden pricing deterioration, higher volatility and losses in assets values. Under this scenario the Company will face significant challenges, regarding its gain/losses from its trading positions. The Company is directly exposed to transition risk arising	The Company constructs and performs tailored made ESG stress tests for assessing the Company's potential impact of its liquidity position and profitability due to the challenges faced from ESG related events.	The Company monitors the available ESG scores assigned to its offered instruments by ESG approved raters, such as MSCI, Sustainalytics, Bloomberg and etc.	Risk Register and ICARAP

		from its market making services to climate change sensitive instruments that the Company will offer to its clientele.			
	Social Risk	The risk of not adequately or timely adjusting to social related adjustments in accordance with the regulatory obligations or failure to act towards to promote the social related SDGs may result into sudden pricing deterioration, higher volatility and losses in assets values. Under this scenario the Company will face significant challenges, regarding its gain/losses from its trading positions. The Company is directly exposed to social risk arising from market making services for social sensitive instruments that the Company will offer to its clientele.	The Company constructs and performs tailored made ESG stress tests for assessing the Company's potential impact of its liquidity position and profitability due to the challenges faced from ESG related events.	The Company monitors the available ESG scores assigned to its offered instruments by ESG approved raters, such as MSCI, Sustainalytics, Bloomberg and etc.	Risk Register and ICARAP
Counterparty Credit risk	Physical Risk	The risk of higher impact on the creditworthiness of the Company's counterparties due to physical effects of environmental factors or climate change factors, resulting in higher probability of defaults.	The Company performs due diligence checks on its counterparts and maintains records of the checks performed along with a due diligence forms summarising its due diligence conclusion. The Company's due diligence checks involve also environmental and social factors for evaluating the Company's counterparty credit risk emanating from ESG issues.	The Company monitors the available ESG scores assigned to its counterparties by ESG approved raters, such as MSCI, Sustainalytics, Bloomberg and etc.	Risk Register and ICARAP

			In particular, the Company's counterparty assessment takes into account the applicable SDG score assigned to the country of incorporation/residence of its counterparties and its ESG scores if available. The Company's ESG scores are extracted from approved ESG raters, such as MSCI, Sustainalytics, Bloomberg and etc. However, the Company to overcome the ESG related data availability issues the Company is considering to employ different methods and tools using internally developed methodologies and assumptions, and actual data collected from its counterparties.		
	Transition Risk	The risk of higher impact on the creditworthiness of the Company's counterparties due to their failure to adequately and timely adjust to the climate policy actions and regulatory obligations, resulting in higher probability of defaults.	The Company performs due diligence checks on its counterparts and maintains records of the checks performed along with a due diligence forms summarising its due diligence conclusion.	The Company monitors the available ESG scores assigned to its counterparties by ESG approved raters, such as MSCI, Sustainalytics, Bloomberg and etc.	Risk Register and ICARAP

			The Company's due diligence checks involve also environmental and social factors for evaluating the Company's counterparty credit risk emanating from ESG issues. In particular, the Company's counterparty assessment takes into account the applicable SDG score assigned to the country of incorporation/residence of its counterparties and its ESG scores if available. The Company's ESG scores are extracted from approved ESG raters, such as MSCI, Sustainalytics, Bloomberg and etc. However, the Company to overcome the ESG related data availability issues the Company is considering to employ different methods and tools using internally developed methodologies and assumptions, and actual		

			data collected from its counterparties.		
	Social Risk	The risk of higher impact on the creditworthiness of the Company's counterparties due to their failure to adequately and timely adjust to act towards to support the social SDGs, resulting in higher probability of defaults.	The Company performs due diligence checks on its counterparts and maintains records of the checks performed along with a due diligence forms summarising its due diligence conclusion. The Company's due diligence checks involve also environmental and social factors for evaluating the Company's counterparty credit risk emanating from ESG issues. In particular, the Company's counterparty assessment takes into account the applicable SDG score assigned to the country of incorporation/residence of its counterparties and its ESG scores if available. The Company's ESG scores are extracted from approved ESG raters, such as MSCI, Sustainalytics, Bloomberg and etc.	The Company monitors the available ESG scores assigned to its counterparties by ESG approved raters, such as MSCI, Sustainalytics, Bloomberg and etc.	Risk Register and ICARAP

			However, the Company to overcome the ESG related data availability issues the Company is considering to employ different methods and tools using internally developed methodologies and assumptions, and actual data collected from its counterparties.		
Operational risk	Physical Risk	The risks of physical effects of environmental and climate change factors may resulting in financial, operational, Reputational and regulatory impact to the Company.	Assessment of its ESG risk metrics and key risk indicators for monitoring the Company's progress in regard to the reducing of its ESG footprint. Assessment of the effectiveness of the Company's Action plan.	Monitoring of its ESG risk metrics compared to its Risk Appetite limits. Monitoring the levels of its key risk indicators compared to its ESG targets.	Risk Appetite Statement, Risk Register and ICARAP
	Transition Risk	The risk of not appropriately or timely adjusting to a more environmentally sustainable economy. This may refer to Environmental policy actions, regulatory obligations, technological changes, changes in the preferences of clients or failure to act towards minimising the Company's ESG footprint may, result in financial, operational, reputational, and regulatory impact to the Company.	Assessment of its ESG risk metrics and key risk indicators for monitoring the Company's progress in regard to the reducing of its ESG footprint. Assessment of the effectiveness of the Company's Action plan.	Monitoring of its ESG risk metrics level.	Risk Appetite Statement, Risk Register and ICARAP
	Social Risk	The risk of any harmful impact stemming from potential social	Assessment of its ESG risk metrics and key risk indicators for	Monitoring of its ESG risk metrics risk level.	Risk Appetite Statement, Risk

		matters, such as the treatment of stakeholders involving counterparties and the community, and due to insufficient corporate social responsibility, which may give rise to financial, operational, reputational, regulatory and compliance impact to the Company.	monitoring the Company's progress in regard to the reducing of its ESG footprint. Assessment of the effectiveness of the Company's Action plan.		Register and ICARAP
	Governance	Governance risk may arise from the following adverse situations: ○ Company's policies and procedures in place not acknowledged and adopted by its employees. ○ Internal reporting misstatements or errors or omissions. ○ Failure to comply with the Company's policies, procedures and standards. ○ Failure of second line of defense to adequately manage risks at the Company's level. ○ Improper, incomplete or insufficiently written frameworks, policies, procedures and control measures and processes. ○ Improper usage of models and Non identification of legal and regulatory requirements in the Company's policies,	Assessment of its ESG risk metrics level.	Monitoring of its ESG risk metrics compared to its Risk Appetite limits.	Risk Appetite Statement, Risk Register and ICARAP

		procedures and standards in place. ○ Unpredictably low quality of governance such as inadequate management of risks or poor code of conduct impacting the Company's business plan. The aforesaid scenarios may give rise to financial, operational, reputational, regulatory and compliance impact to the Company.			
Liquidity risk	Physical Risk	Due to unexpected unpredictable adverse events driven by climate change, such as floods, wildfires, storms, cyclones and dust storms or chronic weather patterns such as temperature changes, drought and rising sea levels as well as environmental risks, such as water stress, environmental hazards, pollution, biodiversity degradation there is a risk of sudden pricing deterioration, higher volatility and losses in assets values. Under this scenario the Company will face significant challenges, regarding its gain/losses from its trading positions affecting the Company's liquidity position. The Company is directly exposed to physical risk arising from its market making services to climate change sensitive instruments that the Company will offer to its clientele.	The Company constructs and performs tailored made ESG stress tests for assessing the Company's potential impact of its liquidity position and profitability due to the challenges faced from ESG related events.	The Company monitors the available ESG scores assigned to its offered instruments by ESG approved raters, such as MSCI, Sustainalytics, Bloomberg and etc.	Risk Register and ICARAP

	Transition Risk	The risk of not adequately or timely adjusting to climate policy adjustments in accordance with the regulatory obligations and possibly to the changes of the clients' preferences or failure to act towards to minimise the Company's footprint on climate change may result into sudden pricing deterioration, higher volatility and losses in assets values. Under this scenario the Company will face significant challenges, regarding its gain/losses from its trading positions affecting the Company's liquidity position. The Company is directly exposed to physical risk arising from its market making services to climate change sensitive instruments that the Company will offer to its clientele.	The Company constructs and performs tailored made ESG stress tests for assessing the Company's potential impact of its liquidity position and profitability due to the challenges faced from ESG related events.	The Company monitors the available ESG scores assigned to its offered instruments by ESG approved raters, such as MSCI, Sustainalytics, Bloomberg and etc.	Risk Register and ICARAP
	Social Risk	The risk of not adequately or timely adjusting to social related adjustments in accordance with the regulatory obligations or failure to act towards to promote the social related SDGs may result into sudden pricing deterioration, higher volatility and losses in assets values. Under this scenario the Company will face significant challenges, regarding its gain/losses from its trading positions affecting the Company's liquidity position. The Company is directly exposed to social risk arising from market making services for social sensitive instruments that the Company will offer to its clientele.	The Company constructs and performs tailored made ESG stress tests for assessing the Company's potential impact of its liquidity position and profitability due to the challenges faced from ESG related events.	The Company monitors the available ESG scores assigned to its offered instruments by ESG approved raters, such as MSCI, Sustainalytics, Bloomberg and etc.	Risk Register and ICARAP

ESG Risk related policies:

During the period 1st October 2023 until 30th September 2024 the following ESG risk related policies were implemented by the Company:

- **ESG Policy:** The Company's ESG policy incorporates its procedures for reducing its ESG footprint. The policy will be regularly reviewed and updated to ensure it remains up to date with the Company's targets and objectives and upcoming regulatory changes.
- **Remuneration Policy:** During the period from 1st October 2023 until 30th September 2024 proceeded with the review and update of its Remuneration Policy in order to ensure that ESG sensitive products are not promoted.

Quantification Methodologies and Stress Test:

Stress testing (Scenario analysis, Reverse stress tests and Sensitivity stress tests) is a key risk management tool and plays an integral role in the Company's decision making process of the Company such as its ICAAP, ILAAP and Recovery Plan.

During the period from 1st October 2023 until 30th September 2024, ESG risks were further considered and addressed within the ICAAP and ILAAP, through the construction and performance of tailored made ESG stress tests for assessing the Company's potential impact of its liquidity position and profitability due to the challenges faced from ESG related events. (i.e. sudden re-prising of ESG sensitive derivatives)

In particular, the following ESG stress tests scenarios were considered.

- Market fluctuation stress test scenario:

  Under this scenario, the Company considers that may arise due unexpected unpredictable external factors (deterioration of the value of ESG sensitive instruments) major foreign exchange rates, equity prices and commodity prices were highly volatile and their prices deteriorated. In this respect, the Company will face significant challenges, regarding its gain/losses from its trading positions.
- Failure of major counterparty:

  Due to unexpected unpredictable external factors (SDG rules and ESG) major foreign exchange rates, equity prices and commodity prices will be highly volatile, and their prices may be deteriorated. In this respect, the Company's Liquidity Provider may face significant challenges, regarding its gain/losses from its trading positions. This scenario may hit the Company's profitability.

Activities and initiatives towards mitigation of environmental risks:

The Company acknowledges its responsibility towards the community and its safeguarding plays an integral role in its strategy.

Data availability, quality & accuracy:

The Company endeavours to ensure that its ESG assessments are performed based on reliable ESG data and effective risk models on a frequent basis. The Company's ESG models are using ESG risk ratings, extracted from approved ESG raters, such as MSCI, Sustainalytics, Bloomberg and etc. However, the availability of ESG data of the Company's counterparties remains a key challenge for the Company. To overcome ESG related data availability, quality and accuracy issues the Company is considering to employ different methods and tools using internally developed methodologies and assumptions, and actual data collected from its counterparties.

2.7.4 ESG Disclosure requirements:

The Company is obliged to disclose information on environmental, social and governance risks including physical risks and transition risks, as defined in the report referred to in Article 35 of IFD, since its total on and off-balance sheet assets are on average more than **EUR100 million** over the four-year period immediately preceding the given financial year and thus the Company does not meet the criteria of Article 32(4)[a] of the IFD.

Therefore, the Company shall disclose information on environmental, social and governance risks, including physical risks and transition risks, as defined in the report referred to in Article 35 of IFD. The Company, as a Class 2 investment firm under IFR shall disclose prudential information on ESG risks, similar to the information required from large institutions under the CRR in accordance with Article 449 CRR.

As per the EBA published the Implementing Technical Standards (ITS) on prudential disclosures on ESG risks in accordance with Article 449a of the CRR on 24th January 2022 the tables found in Appendix- ESG Disclosures shall be disclosed.

The Company prepares its ESG Pillar III disclosures on a bi-annual basis.

2.8. Board Recruitment

One of the BoD's main responsibilities is to identify, evaluate and select candidates for the Board and ensure appropriate succession planning. The Senior Management is assigned the responsibility to review the qualifications of potential director candidates and make recommendations to the BoD.

The persons proposed for the appointment should have specialised skills and/or knowledge to enhance the collective knowledge of the BoD and must be able to commit the necessary time and effort to fulfil their responsibilities. The final approval of a member of the Management Body is given by CySEC.

Factors considered in the review of potential candidates include:

- Specialised skills and/or knowledge in accounting, finance, banking, law, business administration or related subject.
- Knowledge of and experience with financial institutions ("fit-and-proper").
- Integrity, honesty and the ability to generate public confidence.
- Knowledge of financial matters including understanding financial statements and financial ratios.
- Demonstrated sound business judgment.
- Clean criminal record.
- Risk management experience.

In line with the recent changes in the regulatory reporting framework, the Company has established a dedicated recruitment policy in relation to the BoD.

The Company's BoD is chosen to be specialists in various fields in order to be able to offer diversity and the expertise required to oversee its smooth operations.

2.9. Remuneration

Remuneration refers to payments or compensations received for services or employment. The remuneration system includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment and shall be appropriate to the CIF's size, internal organization and the nature, the scope and the complexity of its activities.

During the period from 1st October 2023 until 30th September 2024, the Company's remuneration system is concerned with practices of the Company for those categories of staff whose professional activities have a material impact on its risk profile, i.e. the Senior Management, members of the Board of Directors or risk takers, whose professional activities have a material impact on the risk profile of the Company; the said practices are established to ensure that the rewards for the 'Executive Management' provide the right incentives to achieve the key business aims.

The total remuneration of staff consists of fixed and variable components. Fixed and variable components are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component. The Company manages and controls the ratios between the fixed and the variable component of the total remuneration for each individual and ensures compliance with the requirements arising from IFD.
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Based on the Remuneration Policy of the Company, the following ratios between the variable and fixed components of the total remuneration have been set taking into account the business activities of the Company and associated risks, as well as the impact that different categories of staff, including senior management, risk takers, staff engaged in control functions and any employees receiving overall remuneration equal to at least the lowest remuneration received by senior management or risk takers, whose professional activities have a material impact on the risk profile of the investment firm or of the assets that it manages, have on the risk profile of the Company:

- 100%.[2]

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[2] 1) Shareholders of the CIF may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed **200%** of the fixed component of the total remuneration for each individual unless exceptional circumstances prevail.

The table below presents the remuneration of the members of the BoD and other key management personnel whose professional activities have a material impact on the risk profile of the Company for the period from 1st October 2023 until 30th September 2024.

Table 2: Aggregate Quantitative Information on Remuneration

Figures in EUR	No. of staff	Fixed	Variable	*Of which were cash*	*Of which were shares*	*Of which were share-linked*	*Of which were other type of instruments*	Total
Executive Directors	3	199,058	16,670	-	-	16,670	-	215,728
Non-Executive Directors	4	34,200	-	-	-	-	-	34,200
Heads of Compliance and Risk	2	146,391	18,527	-	-	18,527	-	164,918
Heads of Brokerage	12	58,020	-			-		58,020
Heads of Finance, Accounting and IT	2	170,400	31,988	-	-	31,988	-	202,388
Other staff whose actions have a material impact on the risk profile of the Company	45	2,192,894	126,443	-	-	126,443	-	2,319,337
Grand Total	**68**	**2,800,963**	**193,629**	**-**	**-**	**193,629**	**-**	**2,994,592**

The table below presents the amounts of deferred remuneration awarded for previous performance periods of the members of the BoD and other key management personnel whose professional activities have a material impact on the risk profile of the Company, split into the amount due to vest in the financial year for the period 1st October 2023 until 30th September 2024 and the amount due to vest in subsequent years.

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2) The percentage stated does not apply in the case of cross-selling of products offered by the CIF, where a non-management level employee can be entitled to receive a bonus in excess of **200%** following the approval of the Board of Director and Shareholders with at least **75%** of the votes in each case.

Table 3: Aggregate Quantitative Information on Deferred Remuneration

Figures in EUR	No. of staff	Amount due to vest in the period from 1st October 2023 until 30th September 2024	Amount due to vest in subsequent years	Total
Executive Directors	1	7,401	1,296	8,698
Non-Executive Directors		-	-	-
Heads of Back-office	1	7,246	13,495	20,741
Heads of Brokerage		-	-	-
Heads of Finance, Accounting and IT	1	31,988	34,596	66,584
Other staff whose actions have a material impact on the risk profile of the Company	6	49,646	30,016	79,662
Grand Total	**9**	**96,282**	**79,403**	**175,685**

The table below presents the amounts of deferred remuneration of the members of the BoD and other key management personnel whose professional activities have a material impact on the risk profile of the Company, due to vest in the period 1st October 2023 until 30th September 2024 that is paid out during the period 1st October 2023 until 30th September 2024, and that is reduced through the performance adjustments.

Table 4: Aggregate Quantitative Information on Deferred Remuneration that is paid out during the period from 1st October 2023 until 30th September 2024, and that is reduced through the performance adjustments

Figures in EUR	No. of staff	Amount paid out during the period from 1st October 2023 until 30th September 2024	Reduced through the performance adjustments
Executive Directors	-	-	-
Non-Executive Directors	-	-	-
Heads of Back-office	-	-	-
Heads of Brokerage	-	-	-

Heads of Finance, Accounting and IT	-	-	-
Other staff whose actions have a material impact on the risk profile of the Company	-	-	-
Grand Total	-	-	-

The table below presents the amounts of guaranteed variable remuneration awards of the members of the BoD and other key management personnel whose professional activities have a material impact on the risk profile of the Company, during the period from 1st October 2023 until 30th September 2024.

Table 5: Aggregate Quantitative Information on Guaranteed Variable Remuneration Awards

Figures in EUR	**No. of staff**	**Guaranteed Variable Remuneration Awards**
Executive Directors	-	-
Non-Executive Directors	-	-
Heads of Back-office	-	-
Heads of Brokerage	-	-
Heads of Finance, Accounting and IT	-	-
Other staff whose actions have a material impact on the risk profile of the Company	-	-
Grand Total	-	-

The table below presents the amounts of severance payments awarded to the members of the BoD and other key management personnel whose professional activities have a material impact on the risk profile of the Company in previous financial years, that have been paid out during the period from 1st October 2023 until 30th September 2024.

Table 6: Aggregate Quantitative Information on Severance Payments awarded in previous financial year, that have been paid out during the period from 1st October 2023 until 30th September 2024

Figures in EUR	No. of staff	Severance payments awarded in previous financial years and they have been paid out during the period from 1st October 2023 until 30th September 2024
Executive Directors	-	-
Non-Executive Directors	-	-
Heads of Back-office	-	-
Heads of Brokerage	-	-
Heads of Finance, Accounting and IT	-	-
Other staff whose actions have a material impact on the risk profile of the Company	-	-
Grand Total	-	-

The table below presents the amounts of severance payments awarded to the members of the BoD and other key management personnel whose professional activities have a material impact on the risk profile of the Company during the period from 1st October 2023 until 30th September 2024.

Table 7: Aggregate Quantitative Information on Severance Payments during the period from 1st October 2023 until 30th September 2024

Figures in EUR	No. of staff	Up-front Severance payments awarded during the period from 1st October 2023 until 30th September 2024	Deferred Severance payments awarded during the period from 1st October 2023 until 30th September 2024	Total
Executive Directors	-	-	-	-
Non-Executive Directors	-	-	-	-
Heads of Back-office	-	-	-	-
Heads of Brokerage	-	-	-	-
Heads of Finance, Accounting and IT	-	-	-	-
Other staff whose actions have a material impact on the risk profile of the Company	-	-	-	-

Grand Total	-	-	-	-

During the period from 1st October 2023 until 30th of September 2024, the Company didn't award any amount of severance payment to a single person.

2.10. Directorships held by Members of the Management Body

As at 30th September 2024, the members of the Management body of the Company, given their industry experience, have been taking seats in other company boards. In line with this, the following table indicates the number of positions that each member holds (including the one in the Company). Positions held by a member of the Management body in the same group are considered as one position.

Table 8: Directorships held by Members of the Management Body

Name	Position in the CIF	Directorships (Executive)	Directorships (Non-Executive)
Anna Cox	Executive Director	1	-
Kirill Korneychuk	Executive Director	1	-
Janis Kivkulis	Executive Director	1	-
Gatis Eglitis	Non - Executive Director	2	1
George Constantinides	Non - Executive Director	-	3
Eleni Stylianou	Non - Executive Director	-	1
Ioannis Chasikos	Non- Executive Director	1	2

During the period from 1st October 2023 until 30th September 2024, the BoD has met **7** times discussing important issues surrounding the Company's operations in an effort to effectively discharge its duties.

2.11. Board Risk Management Declaration

The Company's Risk Management Committee is entitled to review and appropriately assess the effectiveness of the risk management strategies and procedures adopted by the Company.

The abovementioned procedures are designed in order to manage and mitigate any deficiencies that the Company might face during its operations.

The Company's Management Body ensures that the Company has adequate measures and procedures in place so as to prevent and mitigate any risk arising from its operations.

2.12. Risk Profile

The Company's management body is appropriately informed and acknowledge the necessity of taking all the appropriate actions for complying with the Company's minimum requirements for its Own Funds Ratio and its Own Funds, which are **100.00%** and **EUR750,000**.

The Company applies adequate mechanisms and systems in order to detect the risks is exposed, arising from its operations.

The Company's material risks are assessed on quarterly basis via the use of a Risk Register and the results are communicated to the Company's BoD in order to decide which mitigating actions the Company should take.

The table below summarises the main risks identified and the controls the Company has already taken in order to manage and mitigate those risks.

Table 9: Material Risks

Risk Type	Controls in place
Regulatory Risk	The Company monitors its Total Own Funds Ratio and Own Funds on a quarterly basis in order to ensure that the Company complies with the relevant requirements (**100.00%** and **EUR750,000**, respectively). The Company's Total Own Funds Ratio stood at **128.0506%** as at 30th September 2024, which is above the minimum requirement of **100.00%**. Additionally, the Company's Own Funds stood at **EUR3,909,368** which is above the minimum requirement under IFR of **EUR3,052,987** (to comply with the maximum between the minimum permanent capital of **EUR750,000,** the K-factor requirement of **EUR3,052,987** and the Fixed Overheads requirement of **EUR1,609,563**). The Company's CET1 Capital, stood at **EUR3,909,368**, which is above the minimum requirement of **EUR3,709,673** (**56%** of the Company's minimum own funds requirement as at 30th September 2024 plus the maximum between **EUR2,000,000** and **2.00%** of the minimum own funds requirement as at 30th September 2024, since the Company collaborates and has in place LP Contractual Arrangements with entities domiciled in a third country not listed in Annex I of the Commission Implementing Decision (EU) 2021/1753, or which is not a member of the G20 or which is not a European Economic Area regulated entity, according to CySEC Policy Statement PS-01-2019).
Risk to Client	The Company monitors its K-factor requirements in relation to the RtC and reports the relevant factor amount and capital requirements on a quarterly basis. As at 30th September 2024 the Company's RtC requirement mainly emanated from K-CMH, K-ASA and K-COH in accordance to the Company's business and activities.

	As at 30th September 2024, the Company's capital usage for the RtC K-factor requirement amounted to **EUR3,037,214**. Additional information in relation to the Risk to Client requirement is disclosed in Section 4.1 – Risk to Client.
Risk to Market	The Company monitors these exposures on a quarterly basis and has policies and procedures in place to minimise its market risk exposures. As at 30th September 2024 the Company's market risk mainly emanated from foreign exchange rates prices fluctuations which affect the Company's deposits in foreign currencies as well as from positions held during forex trading. The Company's total capital usage for RtM K-factor requirement as at 30th September 2024 amounted to **EUR15,773**. Additional information in relation to the Risk to Market requirement is disclosed in Section 4.2 – Risk to Market.
Risk to Firm	The Company monitors the value of its K-factors in relation to the RtF in order to detect any trend that could leave the Company with a materially different own funds requirement and reports these exposures on a quarterly basis. As at 30th September 2024, the Company's capital usage for RtF amounted to **EUR0.00**. Additional information in relation to the Risk to Firm requirement is disclosed in Section 4.3 – Risk to Firm.
Operational Risk	The Company is exposed to Operational Risk associated with inadequate personnel, processes, systems, infrastructure or external events of the Company. The Company assesses, monitors and mitigates its Operational risk exposure by having in place adequate measures, procedures and controls to be followed by its personnel. Additionally, the Company performs periodic checks on its IT infrastructure and ensures that security systems are in place and upgraded.

2.13. Reporting and Control

In line with the requirements set out in the Cyprus Investment Firms Law and subsequent Directives, the Company has been able to maintain a good information flow to the Management body, as it can be seen below:

Table 10: Periodic Reporting Summary

Report Name	Report Description	Owner	Recipient	Frequency	Deadlines
Annual Compliance Report	To inform the Senior Management & the BoD of the Company regarding the Performance of Compliance function during the year	Compliance Officer	Senior Management, BoD, CySEC	Annual	**31/01/2025**
Annual Internal Audit Report	To inform the Senior Management & the BoD of the Company regarding the Internal Auditor during the year	Internal Auditor	Senior Management, BoD, CySEC	Annual	**31/01/2025**
Annual Risk Management Report	To present the work undertaken by the Risk Manager during the year	Risk Manager	Senior Management, BoD, CySEC	Annual	**31/01/2025**
Pillar III Disclosures (Market Discipline and Disclosure	To disclose information regarding Company's risk management, capital structure, capital adequacy and risk exposures	Senior Management	BoD, CySEC, Public	Annual	**31/01/2025**
Financial Reporting	It is a formal record of the financial activities of the CIF	External Auditor	BoD, CySEC	Annual	**31/01/2025**

Suitability Report	It's a formal report, which is required to be provided to the retail clients of the CIF in order to make a personal recommendation to the client.	External Auditor	BoD, CySEC	Annual	**31/01/2025**
Audited Statement of Eligible Funds	A measure of the CIF's ICF. It is expressed based on a risk based approach taking into account the reliability of the statement of eligible funds and financial instruments.	External Auditor	BoD, CySEC	Annual	**10/05/2025**
Pillar III Disclosures (Market Discipline and Disclosure) based on the Audited figures	To disclose information regarding Company's risk management, capital structure, capital adequacy and risk exposures based on its Audited figures.	Senior Management	BoD, CySEC, Public	Annual	**28/02/2025**
Capital Adequacy Reporting	A measure of the CIF's capital. It is expressed as a percentage and is used to protect depositors and promote the stability and efficiency of financial systems all over the world	Risk Management Function/ Financial Department	Senior Management, CySEC	Quarterly plus Audited	**11/02/2024** **12/05/2024** **11/08/2024** **11/11/2024**

3. Capital Management and Adequacy

3.1. The Regulatory Framework

The prudential framework for investment firms takes into consideration specific business practises of different types of investment firms. In particular, the prudential regime takes into account the investment firms' size and interconnectedness based on financial and economic factors. The regulatory requirements are calibrated in a proportionate manner to the investment firms' type, the best interests of their clients and the promotion of the smooth and orderly functioning of their operating markets. The prudential regime was published on 5th of December 2019. They were translated into European law by a directive (IFD) and a regulation (IFR) which entered into force on 26th of June 2021 onwards.

The general framework defined by the IFR/IFD is structured around three (3) pillars:

- **Pillar I:** sets the minimum solvency requirements and defines the rules that investment firms, that are required to comply with the regulation, must use to measure risks and calculate associated capital requirements, according to standard or more advanced methods.
- **Pillar II:** relates to the discretionary supervision implemented by the competent authority, which allows them to assess the adequacy of capital requirements as calculated under Pillar I and their liquid assets, and to calibrate additional capital requirements with regard to risks.
- **Pillar III:** encourages market discipline by developing a set of qualitative or quantitative disclosure requirements which will allow market participants to make a better assessment of a given institution's capital, risk exposure, risk assessment processes and, accordingly, capital adequacy.

3.2. Regulatory Capital

According to the International Financial Reporting Standards ("IFRS"), the Company's regulatory capital consists of Common Equity Tier 1 and Tier 2 Capital.

Common Equity Tier 1 Capital ("CET1 Capital")

According to CRR/CRDIV regulations, CET1 capital is made up primarily of the following:

- Ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts.
- Retained earnings.
- Other reserves.
- Minority interest limited by CRR/CRDIV.

Deductions from Common Equity Tier 1 capital essentially involve the following:

- Goodwill.
- Other Intangible assets.
- Losses for the current financial year
- Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities.
- Qualifying holding outside the financial sector which exceeds **15.00%** of own funds.
- Total qualifying holdings in undertaking other than financial sector entities which exceeds **60.00%** of its own funds.
- CET1 instruments in financial sector entities where the investment firms does not have significant investment.
- CET1 instruments in financial sector entities where the investment firms has a significant investment.
- Defined benefit pension fund assets on the balance sheet of the institution.
- The amount of direct, indirect and synthetic holdings of own CET 1 instruments, including own CET1 instruments that an investment firm is under an actual or contingent obligation to purchase by virtue of an existing contractual obligation.
- Value adjustments to CET1 resulting from the requirements of prudent filters.
- The Investors Compensation Fund ("ICF") contributions as per Circular C162 issued by CySEC on 10th October 2016.
- According to paragraph 11(6) of the Directive DI87-07, the members of ICF are required to keep a minimum cash buffer of **3 per thousand** of the eligible funds and financial instruments of their clients as at the previous year in a separate bank account in case there is need for an extraordinary contribution and this should not be used for any other purpose. Therefore, CIFs should deduct the additional cash buffer of **3 per thousand** of the eligible funds and financial instruments of their clients from the Common Equity Tier 1 capital.

CIFs are expected to reflect the above in their submissions of the IF Class 2 form (calculation of own funds and capital adequacy ratio).

Inclusion of Interim Profits:

CySEC issued Circular C305 to provide further guidance to the CIFs regarding the inclusion of interim profits in CET1 Capital.

According to Article 26(2) of the CRR, CIFs may include interim profits in CET1 Capital, before the CIF has taken a formal decision confirming its final profits for the year, only if they get the prior permission of CySEC.

CIFs should apply for a permission from CySEC in order to include interim profits in CET1 Capital. In their application, CIFs are required to demonstrate that the conditions, as set out in Article 26(2) of CRR, are met.

As per the Circular C518, the Company needs to submit the Form165-04 through the TRS system for requesting CySEC's permission for interim profit recognition.

It was clarified that interim profits, for which the permission of CySEC has not been granted, will not be eligible to be included in CET1 Capital.

It should be noted that CySEC's permission is not needed for losses, whether interim or final. Losses must be deducted in full, from own funds as soon as they are incurred.

Tier 2 Capital

Tier 2 capital includes:

- Dated subordinated notes.
- Any positive difference between (i) the sum of value adjustments and collective impairment losses on customer loans and receivables exposures, risk-weighted using the standardised approach and (ii) expected losses, up to **0.60%** of the total credit risk-weighted assets using the Internal Ratings Based approach.
- Value adjustments for general credit risk related to collective impairment losses on customer loans and receivables exposures, risk-weighted using the standardised approach, up to **1.25%** of the total credit risk-weighted assets.

Tier 2 capital shall be less or equal to **one third** of Tier 1 Capital.

Deductions of Tier 2 capital essentially apply to the following:

- The amount of direct, indirect and synthetic holdings of own Tier 2 instruments, including own Tier 2 instruments that an investment firm could be obliged to purchase as a result of existing and contractual obligations.
- Tier 2 instruments of financial sector entities where the investment firm does not have a significant investment.
- Tier 2 instruments of financial sector entities where the investment firm has a significant investment.

3.3. Solvency Ratio (Capital Ratio or Total Own Funds Ratio)

The solvency ratio is set by comparing the investment firms' equity with the highest between the permanent minimum capital, the K-factor requirement or the fixed overhead requirement.

In accordance with the regulatory framework for investment firms, the Company shall comply with the following minimum requirements at all times:

- CET1 Ratio of **56.00%**.
- Tier 1 Ratio of **75.00%** (including CET1 and Additional Tier 1).
- Total Own Funds Ratio of **100.00%** (including CET1 and Additional Tier 1 Tier 2).

3.4. Capital Management

Capital management is implemented by the Senior Management. As part of managing its capital, the Company ensures that its solvency level is always compatible with the following objectives:

- Maintaining its financial solidity and respecting the targets.
- Preserving its financial flexibility to finance organic growth.
- Adequate allocation of capital among the various business lines according to the Company's strategic objectives.
- Maintaining the Company's resilience in the event of stress scenarios.
- Meeting the expectations of its various stakeholders: supervisors, debt and equity investors, rating agencies, and shareholders.

The Company determines its internal solvency targets in accordance with these.

In line with the above, the Company is obligated to calculate and report on a quarterly basis, under IFR/IFD, its Permanent minimum capital requirement (**EUR750,000**), K-factor requirement (sum of the Risk to Client, Risk to Market and Risk to Firm) and the fixed overheads requirements the result of which, i.e. solvency/total own funds ratio, needs to be above **100.00%** at all times.

At 30th September 2024, the Total Capital ratio of the Company stood at **128.0506%**, while its capital requirement of **EUR3,909,368**. Total Capital ratio and total capital requirements are calculated in accordance to the relevant provisions of the IFR.

Table 11: Capital Requirements

EUR	**September 30, 2024 (Audited)**	**September 30, 2023 (Audited)**	EUR	**Δ %**
Total Own Funds Ratio	**128.0506%**	**159.5246%**		**(31.4740%)**
Total Own Funds Ratio surplus	**28.0506%**	**59.5246%**		**(31.4740%)**
Capital Adequacy (CET1) ratio	128.0506%	159.5246%		(31.4740%)
CET1 Capital	3,909,368	3,764,673	144,695	3.8435%
Tier 1 Capital	3,909,368	3,764,673	144,695	3.8435%
Tier 2 Capital	-	-	-	-
Total Own Funds	**3,909,368**	**3,764,673**	**144,695**	**3.8435%**
Total Own Funds surplus	**199,695**	**443,110**	**(243,416)**	**(54.9334%)**
Risk to Client				
Assets Under Management Requirement	-	-	-	-
Client Money Held Requirement – segregated	81,126	53,584	27,542	51.4000%
Client Money Held Requirement – non-segregated	1,606,051	1,383,550	222,501	16.0819%

Asset Safeguarded and Administered Requirement	1,224,227	831,381	392,846	47.2523%
Client Orders Handled Requirement – Cash trades	83,685	47,836	35,849	74.9407%
Client Orders Handled Requirement – Derivatives trades	42,125	34,854	7,271	20.8626%
Risk to Market				
K-Net Position Risk Requirement	15,773	8,728	7,045	80.7111%
Risk to Firm				
Trading Counterparty default requirement	-	-	-	-
Daily Trading Flow Requirement – Cash trades	-	-	-	-
Daily Trading Flow Requirement – Derivative Trades	-	-	-	-
K-Concentration Risk Requirement	-	-	-	-
Total K-factor Requirement	**3,052,987**	**2,359,933**	**693,054**	**29.3675%**
Fixed Overheads Requirement	1,609,563	1,279,921	329,641	25.7548%
Permanent minimum capital Requirement	750,000	750,000	-	-
Total Own Funds Requirement	**3,052,987**	**2,359,933**	**693,054**	**29.3675%**
Risk Transferring Arrangements own funds requirement	**3,709,673**	**3,321,563**	**388,110**	**11.6846%**
Liquidity Requirement	536,521	426,640	109,880	25.7548%
Liquid Assets	3,853,095	3,777,037	76,058	2.0137%
Liquid Assets surplus	**3,316,574**	**3,350,397**	**(33,822)**	**(1.0095%)**

Table 12: Regulatory Capital

EUR	**September 30, 2024 (Audited)**	**September 30, 2023 (Audited)**	EUR	**Δ %**
Common Equity Tier 1 capital: instruments and reserves				
Fully paid up capital instruments	4,718,689	4,718,689	-	-
Share premium	-	-	-	-
Retained earnings	(482,119)	(568,239)	86,120	(15.1556%)
Accumulated other comprehensive income	-	-	-	-
Other reserves	345,063	177,606	167,457	94.2857%
Minority interest given recognition on CET1 capital	-	-	-	-
Adjustments to CET1 due to prudential filters	-	-	-	-
Other funds	-	-	-	-
Common Equity Tier 1 (CET 1) capital before regulatory adjustments	**4,581,633**	**4,328,056**	**253,577**	**5.8589%**
Common Equity Tier 1 (CET 1) capital: regulatory adjustments				

(-) Own CET instruments	-	-	-	-
(-) Direct holdings of CET 1 instruments	-	-	-	-
(-) Indirect holdings of CET 1 instruments	-	-	-	-
(-) Synthetic holdings of CET 1 instruments	-	-	-	-
(-) Losses for the current financial year	-	-	-	-
(-) Goodwill	-	-	-	-
(-) Other intangible assets	-	-	-	-
(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	(36,883)	-	(36,883)	-
(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	-	-	-
(-) Total qualifying holding in undertaking other than financial sector entities which exceeds 60.00% of its own funds	-	-	-	-
(-) CET 1 instruments of financial sector entities where the institution does not have a significant investment.	-	-	-	-
(-) CET 1 instruments of financial sector entities where the institution has a significant investment.	-	-	-	-
(-) Defined benefit pension fund assets	-	-	-	-
(-) Other deductions	-	-	-	-
CET 1: Other capital elements, deductions and adjustments	(635,382)	(563,383)	(71,999)	12.7798%
Total regulatory adjustments to Common Equity Tier 1 (CET 1) capital	**(672,265)**	**(563,383)**	**(108,882)**	**19.3265%**
Common Equity Tier 1 (CET 1) capital	**3,909,368**	**3,764,673**	**144,695**	**3.8435%**
Additional Tier 1 Capital	**-**	**-**	**-**	**-**
Tier 1 Capital	**3,909,368**	**3,764,673**	**144,695**	**3.8435%**
Tier 2 Capital	**-**	**-**	**-**	**-**
Total Capital	**3,909,368**	**3,764,673**	**144,695**	**3.8435%**
Permanent minimum capital requirement	750,000	750,000	-	-
K-Factor requirement	3,052,987	2,359,933	693,054	29.3675%
Fixed overheads requirement	1,609,563	1,279,921	329,641	25.7548%
Total Capital Requirement	**3,052,987**	**2,359,933**	**693,054**	**29.3675%**
Capital Ratios				
CET 1 capital ratio	128.0506%	159.5246%		(31.4740%)
Tier 1 Capital ratio	128.0506%	159.5246%		(31.4740%)
Total Own Funds ratio	**128.0506%**	**159.5246%**		**(31.4740%)**

The Company calculates its regulatory capital in accordance with the relevant provisions set out in CRR.

Table 13: EU IF CC1.01 – Composition of regulatory own funds

Common Equity Tier 1 (CET 1) capital: instruments and reserves			
	EUR	**September 30, 2024 (Audited)**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**
1	**OWN FUNDS**	3,909,368	
2	**TIER 1 CAPITAL**	3,909,368	
3	**COMMON EQUITY TIER 1 CAPITAL**	3,909,368	
4	Fully paid up capital instruments	4,718,689	2000005
5	Share premium	-	
6	Retained earnings	(482,119)	2000010 & 7112-707161-1[3]
7	Accumulated other comprehensive income	-	
8	Other reserves	345,063	2000020 & 2000022
9	Minority interest given recognition on CET1 capital	-	
10	Adjustments to CET1 due to prudential filters	-	
11	Other funds	-	
12	**(-) TOTAL DEDUCTIONS FROM CET 1 capital**	(672,265)	1106005 & 1201005-5 &1106010
13	(-) Own CET 1 instruments	-	
14	(-) Direct holdings of CET 1 instruments	-	
15	(-) Indirect holdings of CET 1 instruments	-	
16	(-) Synthetic holdings of CET 1 instruments	-	
17	(-) Losses for the current financial year	-	
18	(-) Goodwill	-	
19	(-) Other intangible assets	-	
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	(36,883)	1106010
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	
22	(-) Total qualifying holding in undertaking other than financial sector entities which exceeds 60.00% of its own funds	-	
23	(-) CET 1 instruments of financial sector entities where the institution does not have a significant investment.	-	
24	(-) CET 1 instruments of financial sector entities where the institution has a significant investment.	-	

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25	(-) Defined benefit pension fund assets	-	
26	(-) Other deductions	-	
27	CET 1: Other capital elements, deductions and adjustments	(635,382)	1106005 & 1201005-5
28	**ADDITIONAL TIER 1 CAPITAL**	-	
29	Fully paid up, directly issued capital instruments	-	
30	Share premium	-	
31	**(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1**	-	
32	(-) Own AT1 instruments	-	
33	(-) Direct holdings of AT1 instruments	-	
34	(-) Indirect holdings of AT1 instruments	-	
35	(-) Synthetic holdings of AT1 instruments	-	
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	-	
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment	-	
38	(-) Other deductions	-	
39	Additional Tier 1: Other capital elements, deductions and adjustments	-	
40	**TIER 2 CAPITAL**	-	
41	Fully paid up, directly issued capital instruments	-	
42	Share premium	-	
43	**(-) TOTAL DEDUCTIONS FROM TIER 2**	-	
44	(-) Own T2 instruments	-	
45	(-) Direct holdings of T2 instruments	-	
46	(-) Indirect holdings of T2 instruments	-	
47	(-) Synthetic holdings of T2 instruments	-	
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment	-	
49	(-) T2 instruments of financial sector entities where the institution has a significant investment	-	
50	Tier 2: Other capital elements, deductions and adjustments	-	

Table 14: EU IFCC2: Own funds reconciliation of regulatory own funds to the Audited balance sheet

		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to EU IF CC1
		As at period end September 30, 2024 (Audited)	As at period end September 30, 2024 (Audited)	
Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements				
1	Other Non-current assets	64,497	N/A	27[4]
2	Loans receivable	50,802	N/A	
3	Property, plant and equipment	140,638	N/A	
4	Right-of-use assets	671,930	N/A	
5	Cash and cash equivalents	4,423,981	N/A	27[5]
6	Trade and other receivables	552,354	N/A	
7	Refundable taxes	-	N/A	
8	Deferred Tax Assets	36,883	N/A	20
	Total Assets	**5,941,085**	N/A	
Liabilities - ***Breakdown by liability classes according to the balance sheet in the published/audited financial statements***				
1	Trade and other payables	640,076	N/A	
2	Lease liabilities	265,209	N/A	
3	Other Financial Liabilities	9,846	N/A	
4	Current Lease liabilities	444,321	N/A	
	Total Liabilities	**1,359,452**	N/A	
Shareholders' Equity				
1	Share capital	4,718,689	N/A	4
2	Retained Earnings	(482,119)	N/A	6
3	Other Reserves	345,063	N/A	8
	Total Shareholders' equity	**4,581,633**	N/A	

[4] ICF contributions as per Circular C162 issued by CySEC on 10th October 2016 of the amount of **EUR64,497**.
[5] Deductible amount the cash buffer of 3 per thousand of the eligible funds and financial instruments of their clients.

Table 15: EU IF CCA Own funds: main features of own instruments issued by the Company

		Ordinary Shares
1	Issuer	EXT Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	CY
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	EUR4.719
7	Nominal amount of instrument	N/A
8	Issue price	EUR1.00
9	Redemption price	N/A
10	Accounting classification	Shareholder's equity
11	Original date of issuance	Various
12	Perpetual or dated	N/A
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
22	Existence of step up or other incentive to redeem	N/A
23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

Deductions from Own Funds:

The Company as at 30th September 2024, in accordance with Article 36 of the CRR, deducted from CET 1 Capital the amount of **EUR672,265** representing the ICF contributions as per Circular C162 of the CySEC dated 10th October 2016, deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities and the additional cash buffer of 3 per thousand of the eligible funds and financial instruments of Company's clients as per the paragraph 11(6) of the Directive DI87-07.

Capital Ratios

The Total Own Funds Ratio as reported to CySEC for the year ended 30th September 2024 was **28.0506%**, above the minimum regulatory requirement of **100.00%**.

The table below summarises the Company's capital position measured through the capital ratios as 30th September 2024.

Capital Ratios	Regulatory Requirement	Position as at 30th September 2024 (Audited)
CET1 ratio	≥ 56.00%	128.0506%
Tier 1 ratio	≥ 75.00%	128.0506%
Total Own Funds ratio	≥ 100.00%	128.0506%

4. K-Factor Requirement

The IFR introduced an approach of accounting the potential harm that an investment firm can do to its clients, the markets in which it operates and to itself.

The K-factor requirement captures the Risk-to-Client, Risk-to-Market and Risk-to-Firm. As per the Article 15 of the IFR, an investment firm's capital requirement equals to the sum of the following K-factor requirements:

- **Risk-to-Client:** Risk-to-Client covers risks carried by an investment firm during its services, actions or responsibilities, which could negatively impact its clients.
- **Risk-to-Market:** Risk-to-Market captures the net position risk ("**K-NPR**") from the trading book in accordance with the market risk provisions of the CRR or, where permitted by the competent authority for specific types of investment firms which deal on own account through clearing members, based on the total margins required by an investment firm's clearing member ("**K-CMG**").
- **Risk-to-Firm:** Risk-to-Firm captures an investment firm's exposure to the default of its trading counterparties ("**K-TCD**"), concentration risk ("**K-CON**") in an investment firm's large trading book exposures to specific counterparties and operational risks from an investment firm's daily trading flow ("**K-DTF**").

The K-factor requirement is tailored to the investment firms based on the type and scale of the investment firm's activities. The investment firms are required to calculate the K-factor requirement only for the K-factor components that are relevant to the services and activities that they are authorized to provide.

During the year under review, the Company based on its type and scale of activities and the services authorized to provide, was solely exposed to risks arising from the potential harm that an investment firm can do to its clients and the markets in which it operates.

The Company monitors the value of its K-factors in order to detect any trend that could leave the Company with a materially different own funds requirement and reports these exposures on a quarterly basis.

4.1. Risk to Client

The K-factors under the RtC captures the client assets under management and ongoing advice (K-AUM), client money held (K-CMH), assets safeguarded and administered (K-ASA) and client orders handled (K-COH). The K-factors under RtC are proxies covering the business areas of the Company from which harm to clients can conceivably be generated in case of problems.

The components of the Risk to Client are the following as per the Article 16 of the IFR:

- **K-AUM**: captures the risk of harm to clients from an incorrect discretionary management of client portfolios or poor execution and provides reassurance and client benefits in terms of continuity of service ongoing portfolio management and investment advice.
- **K-CMH**: captures the risk of potential for harm where an investment firm holds money of its clients taking into account whether they are on its own balance sheet or in third-party accounts and arrangements under applicable national law provide that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm.
- **K-ASA**: captures the risk of safeguarding and administering client financial instruments and ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third party accounts.
- **K-COH**: captures the potential risks from both execution of orders in the name of the client and the reception and transmission of client orders.

The Company calculates the RtC K-factor requirement based on the Article 16 of IFR.

The Company monitors the value of its K-factors in order to detect any trend that could leave the Company with a materially different own funds requirement and reports these exposures on a quarterly basis.

As at 30th September 2024 the Company's RtC requirement mainly emanated from K-CMH, K-ASA and K-COH in accordance to the Company's business and activities.

The Company calculates the K-AUM, KCMH, K-ASA and K-COH requirements in accordance with the Articles 15, 16, 17, 18, 19 and 20 of the IFR, respectively.

4.1.1 Quantitative Information

The RtC K-factor requirement in this section is measured based on the Article 16 of IFR.

As at 30th September 2024, the Company's capital usage for the RtC K-factor requirement amounted to **EUR3,037,214** (compared to **EUR2,351,205**, as at 30th September 2023).

In particular, the Company's RtC K-factor requirement as at 30th September 2024 consisted of:

- The Company's K-CMH requirement which amounted to **EUR1,687,176** (compared to **EUR1,437,134**, as at 30th September 2023).
- The Company's K-ASA requirement which amounted to **EUR1,224,227** (compared to **EUR831,381**, as at 30th September 2023).
- The Company's K-COH requirement which amounted to **EUR125,810** (compared to **EUR82,690**, as at 30th September 2023).

The tables below illustrate the Company's RtC requirements as at 30th September 2024.

Table 16: RtC Requirement as at 30th September 2024, EUR

Risk to Client	Factor amount	K-factor requirement
K-AUM	-	-
K-CMH	341,491,589	1,687,176
K-ASA	3,060,568,702	1,224,227
K-COH	504,935,397	125,810
Total Risk to Client Requirement		**3,037,214**

Table 17: K-AUM Requirement as at *30th September 2024, EUR*

K-AUM	Factor amount	K-factor requirement
AUM – Discretionary portfolio 4anagement	-	-
AUM – Ongoing non-discretionary advice	-	-
Total	**-**	**-**

Table 18: K-CMH Requirement as at *30th September 2024, EUR*

K-CMH	Factor amount	K-factor requirement
CMH – segregated	20,281,446	81,126
CMH – non – segregated	321,210,143	1,606,051
Total	**341,491,589**	**1,687,176**

Table 19: K-ASA Requirement as at *30th September 2024, EUR*

K-ASA	Factor amount	K-factor requirement
ASA – Fair value of financial instruments (Level 1)	2,914,607,977	1,165,843
ASA – Fair value of financial instruments (Level 2)	145,960,725	58,384
ASA – Fair value of financial instruments (Level 3)	-	-
Of which: Assets formally delegated to another financial entity	3,060,568,702	1,224,227
Of which: Assets of another financial entity that has formally delegated to the Company	-	-
Total	**3,060,568,702**	**1,224,227**

Table 20: K-COH Requirement as at *30th September 2024, EUR*

K-COH	Factor amount	K-factor requirement
COH – Cash trades		
Of which: Execution of client orders	-	-
Of which: Reception and transmission of client orders	83,685,239	83,685
COH – Derivatives		
Of which: Execution of client orders	-	-

Of which: Reception and transmission of client orders	421,250,157	42,125
Total	**504,935,397**	**125,810**

4.2. Risk to Market

Market risk corresponds to the risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include, but are not limited to, exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets, including real estate assets.

As mentioned above, in the context of Pillar I, market risk mainly arises through:

Position Risk**:** It refers to the probability of loss associated with a particular trading/security (long or short) position due to price changes.

Interest rate risk**:** The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. However, due to their short residual maturity, the resulting capital requirement is zero.

Commodities Risk**:** It refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. These commodities may be oil, metals, gas, electricity etc.

Foreign Exchange Risk**:** It is a financial risk that exists when a financial transaction is denominated in a currency other than the base currency of the Company. The foreign exchange risk in the Company is effectively managed by the establishment and control of foreign exchange limits, such as through the establishment of maximum value of exposure to a particular currency pair as well as through the utilization of sensitivity analysis.

The Company calculates the RtM K-factor requirement based on the standardised approach for calculating K-NPR in accordance with the Article 22 of IFR. The Company reports these exposures on a quarterly basis and has policies to minimize its market risk exposures which are in accordance with the CRR.

In addition, in accordance with the circular issued by CySEC on 3rd August 2021 (Circular C462), trading book exposures in crypto assets are required to be treated by the Company as investments in derivatives and subject to Market Commodity Risk calculated in accordance with the relevant provisions set out in CRR.

As at 30th September 2024 the Company's market risk mainly emanated from foreign exchange rates fluctuations which affect the Company's deposits in foreign currencies as well as from positions held during forex trading.

4.2.1 Quantitative Information

The Company has adopted the standardized approach for calculating K-NPR in accordance with Article 22 of IFR.

The Company's total capital usage for RtM K-factor requirement as at 30th September 2024 amounted to **EUR15,773** (compared to **EUR8,728**, as at 30th September 2023).

The tables below indicate the Company's RtM requirements as at 30th September 2024.

Table 21: RtM capital requirements as at 30th September 2024 in EUR

Risk to Market	K-factor requirement
Foreign exchange risk	15,773
Commodity risk	-
Equity risk	-
Market TDI risk	-
Total K-NPR	**15,773**

Table 22: Foreign Exchange risk capital requirements as at 30th September 2024 in EUR

Foreign exchange risk	Capital Requirement
CZK	518
Other	1,853
RUB	8,643
USD	894
UAH	24
TRY	3,801
CNY	41
Total Foreign Exchange Risk	**15,773**

4.3. Risk to Firm

Risk to Firm captures the Company's exposure to the default of its trading counterparties (K-TCD), concentration risk (K-CON) in the Company's large exposures to specific trading book counterparties and operational risks from the Company's daily trading flow (K-DTF).

The components of the Risk to Firm are the following as per the Article 24 of the IFR:

- **K-TCD**: captures the risk arising from the possibility that the counterparty may default on amounts owned on a derivative transaction. Derivatives are financial instruments that derive their value from the performance of assets, interest or currency exchange rates, or indexes.

  The Company applies the Article 25 to 32 of the IFR for the calculation of the K-TCD requirement.

  The Company's trading counterparty default requirement mainly emanates from its open positions and therefore, the Company monitors and manages the risk arising from those positions.

  Furthermore, as per the Circular C462 issued by CySEC on 3rd August 2021, trading book exposures in crypto assets are treated by the Company as investments in derivatives and are subject to K-TCD requirement calculated in accordance to Article 26 of IFR.

- **K-DTF:** captures the operational risks to an investment firm in large volumes of trades concluded for its own account or for clients in its own name in one day which could result from inadequate or failed internal processes, people and systems or from external events, based on the notional value of daily trades, adjusted for the time to maturity of interest rate derivatives in order to limit increases in own funds requirements, in particular for short-term contracts where perceived operational risks are lower.

  The Company calculates the K-DTF requirement in accordance with the Articles 15 and 33 of the IFR.

- **K-CON**: captures concentration risk in relation to individual or highly connected private sector counterparties with whom firms have trading book exposures above **25.00%** of their own funds, or specific alternative thresholds in relation to credit institutions or other investment firms, by imposing a capital add- on in line with CRR for excess exposures above those limits.

  The Company calculates the K-CON requirement in accordance with the Article 39 of the IFR.

The Company monitors the value of its K-factors in order to detect any trend that could leave the Company with a materially different own funds requirement and reports these exposures on a quarterly basis.

Concentration risk limits in the trading book:

The Company's total amount of exposure to a client or a group of connected clients shall not exceed **25.00%** of its Own Funds. Where the client is a credit institution or an investment firm, or where a group of connected clients includes one or more credit institutions or investment firms, the limit with regard to concentration risk shall be the higher of **25.00%** of the Company's Own Funds or **EUR150 million** provided that for the sum of exposure values with regard to all connected clients that are not credit institutions or investment firms, the limit with regard to the concentration risk remains at **25.00%** of the Company's Own Funds. Where the amount of **EUR 150 million** is higher than **25.00%** of the Company's Own Funds, the limit with regard to concentration risk shall not exceed **100%** of the Company's Own Funds.

The Company monitors and controls its concentration risk and where the trading book exposures with regard to a client or group of connected clients exceeds the limits as set out in the IFR. The Company calculates its own funds requirement in accordance to Article 39 of the IFR and notifies the CySEC of the excess, the name of the individual client concerned and where applicable the group of connected clients concerned without delay as per Article 38 of the IFR.

4.3.1 Quantitative Information

As at 30th September 2024, the Company's capital usage for RtF amounted to **EUR0** (compared to **EUR0**, as at 30th September 2023).

5. Fixed Overheads Requirement

The Fixed Overheads requirement is measured on the basis of the Company's activity of the preceding year and it is designed to capture the operational risks of the Company.

Operational risks (including accounting and environmental risks) correspond to the risk of losses arising from inadequacies or failures in internal procedures, systems or staff, or from external events, including low-probability events that entail a high risk of loss. This section describes the monitoring of the Company's operational risk, in addition to providing an analysis of the Company's operational risk profile and regulatory capital requirements.

The Company has developed processes, management tools and a control infrastructure to enhance the Company-wide control and management of the operational risks that are inherent in its various activities. These include, among others, general and specific procedures, permanent supervision, business continuity plans and functions dedicated to the oversight and management of specific types of operational risks, such as fraud, risks related to external service providers, legal risks, information system security risks and compliance risks.

In order to control the exposure to operational risks, the management has established two key objectives:

- To minimise the impact of losses suffered, both in the normal course of business (small losses) and from extreme events (large losses).
- To improve the effective management of the Company and strengthen its brand and external reputation.

The Company recognises that the control of operational risk is directly related to effective and efficient management practices and high standards of corporate governance.

To that effect, the management of operational risk is geared towards:

- Maintaining a strong internal control governance framework.
- Managing operational risk exposures through a consistent set of processes that drive risk identification, assessment, control and monitoring.

The Company implements the below Operational Risk Mitigation Strategies in order to minimize its Operational Risk Exposure:

- The development of operational risk awareness and culture.
- The provision of adequate information to the Company's management, at all levels, in order to facilitate decision making for risk control activities.

- The implementation of a strong system of internal controls to ensure that operational losses do not cause material damage to the Company and have a minimal impact on profitability and objectives.
- The improvement of productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value.
- Established a "four-eye" structure and board oversight. This structure ensures the separation of power regarding vital functions of the Company namely through the existence of a Senior Management. The Board further reviews any decisions made by the Management while monitoring their activities.
- Detection methods are in place in order to detect fraudulent activities.
- Comprehensive business contingency and disaster recovery plan.

The Senior Management employs specialized tools and methodologies to identify, assess, mitigate and monitor operational risk. These specialized tools and methodologies assist operational risk management to address any control gaps. To this effect, the following are implemented:

- Incident collection.
- Key Risk Indicators.
- Business Continuity Management.
- Training and awareness.

The Company calculates its Fixed overheads requirement in accordance with the Article 13 of IFR.

5.1. Quantitative Information

The Fixed Overheads requirement, as at 30th September 2024, was **EUR1,609,563** (compared to **EUR1,279,921** as at 30th September 2023).

6. Liquidity Requirement

Liquidity risk corresponds to the risk of the Company not being able to meet its cash or collateral requirements as they arise and at a reasonable cost. Liquidity requirement introduced by the IFR and intends to ensure that the Company has some resilience to unexpected liquidity shocks.

The Company's primary objective is to ensure the funding of its activities in the most cost-effective way by managing liquidity risk and adhering to regulatory constraints. The liquidity system aims at providing a balance sheet framework with assets and liabilities target structure that is consistent with the risk appetite defined by the BoD:

- The assets structure should allow the businesses to develop their activities in a way that is liquidity-efficient and compatible with the target liabilities structure.
- The liabilities structure is based on the ability of the businesses to collect financial resources from customers and the ability of the Company to sustainably raise financial resources on the markets, in accordance with its risk appetite.

The principles and standards applicable to the management of liquidity risks are defined by the Company's governing bodies, whose duties in the area of liquidity are listed below:

- The Company's BoD(i) establishes the level of liquidity risk tolerance as part of the Risk Appetite exercise, (ii) meets regularly to examine the Company's liquidity risk situation, on a quarterly basis.
- The Senior Management (i) sets budget targets in terms of liquidity (ii) allocates liquidity to the pillars.

To minimize its exposure to liquidity risk, the Company implements the below Liquidity Risk Mitigation Strategies:

- Regular analysis & reporting to the BoD on the funding needs of the Company.
- Monitoring of the Company's exposures and diversification to avoid rise of concentration risk as per the internal policies.
- Cash Management.

The Company calculates its Liquidity requirement in accordance with the Article 43 of IFR.

6.1. Quantitative Information

The Liquidity requirement, as at 30th September 2024, was **EUR536,521** (compared to **EUR426,640** as at 30th September 2023)

The table below illustrates the Company's Liquidity requirement as at 30th September 2024 compared with the liquid assets of the Company at the same period.

Table 23: Liquidity Requirement and Liquidity Assets as at 30th September 2024, EUR

	Amount
Liquidity Requirement	536,521
Total Liquid Assets	3,853,095
Of which are coins and banknotes	337
Of which unencumbered short term deposits	3,852,758

7. Product Intervention Measures

On the 27th March 2018 ESMA agreed on temporary product intervention measures on the provision of Contracts for Differences ("CFDs") and Binary Options to retail clients, which were formally adopted by ESMA on the 1st June 2018 and were renewed for last time on 1st May 2019 and 2nd April 2019, respectively.

ESMA decided not to renew its product intervention measures relating to the binary options and CFDs, since most of the National Competent Authorities ("NCAs") have taken permanent national product intervention measures, which are at least as stringent as ESMA's measures.

On 27th September 2019, CySEC issued a Policy Statement ("PS-04-2019") and permanently introduced ESMA measures into national law pursuant to Article 42 of Regulation EU No 600/2014 or MiFIR. The purpose of this policy was to publish the relevant rules that restrict the sale, marketing and distribution of CFDs in or from Cyprus in line with ESMA's temporary product intervention measures. On 27th September 2019, ESMA published an Opinion concluding that overall CySEC's national measures are justified and proportionate, with the exception for CySEC's decision to define the Territorial Scope of Cyprus National Product Intervention Measures ("CyNPIMs").

National Intervention Measures:
CySEC replicated ESMA's Product Intervention measures:

- Leverage requirements/ initial margin requirements.
- Margin close out rule.
- Negative Balance Protection.
- Restriction on the incentives offered to the trade CFDs.
- Standardised risk warnings with minor amendment as defined below:
    1) For new CFD providers or with CFD providers without any trades during the last twelve months, the specific percentage range of retail client accounts that lose money shall not be mentioned.
    2) For the durable medium and webpage specific risk warning and the abbreviated specific risk warning: "… ***The vast majority of retail investor accounts***…".
    3) For the reduced character specific risk warning: "***Retail client accounts generally lose money***".

The Company is up to date in relation to the Product Intervention measures and has amended its procedures so as to comply with the Product Intervention measures which are into force.

8. Negative Balance Protection Risk Management

"Negative Balance Protection" is a precautionary measure that firms take in order to safeguard their clients.

The negative balance protection aims at protecting retail clients in exceptional circumstances where there is a price change in the underlying that is sufficiently large and sudden to prevent the CFD provider from closing out the position as required by the margin close-out protection, resulting to a negative account value.

Large market events can cause gapping, preventing the automatic margin close-out protection from being effective.

The purpose of a negative balance protection is to ensure that an investor's maximum losses from trading CFDs, including all related costs, are limited to the total funds related to trading CFDs that are in the investor's CFD trading account.

The Company ensures that it has allocated sufficient Capital through its ICARAP report in order to mitigate the negative balance protection risk.

9. Risk Transferring Arrangements

'Risk transfer arrangement' is defined as the transferring of risk and liability to a third party.

According to the CySEC communication to all CIFs, CFD CIFs under an **EUR150,000** Limited License or under **EUR750,000** License, which have in place LP Contractual Arrangements with entities domiciled in jurisdictions that do not have or it is unlikely to have an adequate prudential regime in relation to investment firms. This inevitability creates an additional risk element. To this end, such CFD CIFs operating under **EUR150,000** Limited License or under **EUR750,000** License must maintain an additional capital buffer of the highest quality of their capital (Common equity tier 1 capital) against the risks that such arrangements entail.

Therefore, CFD CIFs operating under **EUR150,000** Limited License or under **EUR750,000** License that collaborate and have in place LP Contractual Arrangements with entities domiciled in a third country not listed in Annex I and Annex II of the Commission Implementing Decision (EU) 2021/1753, as in force, or which is not a member of the G20, or which is not an European Economic Area ("EEA") regulated entity as per CySEC's Policy PS-01-2019, are required to have an additional buffer of CET 1 Capital of at least:

- **EUR2,000,000** or
- Equal to **2.00%** of their total capital requirement,

whichever is the higher. It should be noted that this is a minimum buffer which should be further evaluated in the context of ICARAP and if deemed necessary it should be increased accordingly.

CFD CIFs operating under **EUR150,000** Limited License or under **EUR750,000** License that have in place adequate LP Contractual Arrangements solely with EEA regulated entities or with duly authorized and regulated entities domiciled in a third country which is listed in Annex I and Annex II of the Commission Implementing Decision (EU) 2021/1753, as in force, or is a member of the G20 , or which is an EEA regulated entity as per CySEC's Policy PS-01-2019, are not required to have additional capital buffer as above. However, they should in any case assess the risks associated with the risk transferring arrangements and if in the context of the ICARAP or SREP is deemed necessary, they should maintain an additional capital buffer.

The Company collaborates and has in place LP contractual arrangements with regulated entities domiciled in a third country not listed in Annex I and Annex II of the Commission Implementing Decision (EU) 2021/1753, as in force or which is not a member of the G20 or which is not a European Economic Area regulated entity as per CySEC's Policy PS-01-2019. Therefore, the Company needs to include a minimum CET 1 additional capital buffer.

The Company assesses the risks associated with their risk transferring arrangements in the context of its ICARAP or SREP.

As of 30th September 2024, the Company's Own Funds amounted to **EUR3,909,368**, with a surplus of **EUR199,695** above the minimum regulatory requirement as it can be observed from the table below.

	Amount in EUR
Minimum Common Equity Tier 1 Capital:	
Common Equity Tier 1 Capital to meet Art. 9(1) of IFR	3,909,368
Pillar 2 adjustment	-
Highest of €2 million or 2% Own Funds Requirements	2,000,000
Total Minimum Common Equity Tier 1 capital required at the reporting date	1,709,673
Actual Common Equity T1 Capital (in euro) at the reporting date	**3,709,673**
Additional Capital required at the reporting date	-

10. Market Abuse

As per Article 16(2) of the Regulation 596/2014 the Company is required to establish and maintain effective arrangements, systems and procedures in order to detect and report suspicious orders and transactions that may constitute insider dealing or market manipulation. The Company's measures and procedures shall be in line with the measures and procedures required to be established (as applicable) by the Delegated Regulation 2016/957.

The Company shall have policies and procedures in place in order to minimise this risk. Additionally, the Company shall ensure that the compliance function has sufficient knowledge, understanding, skills and authority to assess such procedures as well as that the responsible staff for trading is capable for monitoring the clients' trading activity and identify potential suspicions of market abuse. Further to the above, the Company shall ensure that all employees who are involved in trading are adequately trained, in order to be able to identify orders, which may give rise to market abuse. The Company shall monitor the trading activities of its individuals/algorithms and its clients, and keep records of the submitted orders, the modified, the cancelled and the executed transactions in order to be able to perform efficient live monitoring. The Company shall have effective systems in place (i.e. automatic software), which will trigger alerts or flags depending on the parameters and indications of potential market abuse designed by the Company in order for these to be further investigated. Moreover, the Company shall have proper arrangements in place for reporting to CySEC identified suspicious transactions without any delay. The Company shall conduct periodic assessments on its procedures and arrangements to identify instances that potential market abuse may not be detected. Finally, the Company shall keep for at least 5 years detailed records of the followed arrangements and procedures, to identify conduct, that may involve market abuse, including how each alert of possible suspicious behaviour is dealt and whether or not a report to CySEC is made.

11. Compliance, Reputational and Legal Risks

Compliance risk (including legal and tax risks) corresponds to the risk of legal, administrative or disciplinary sanction, or of material financial losses, arising from failure to comply with the provisions governing the Company's activities.

Compliance means acting in accordance with applicable regulatory rules, as well as professional, ethical and internal principles and standards. Fair treatment of customers, with integrity, contributes decisively to the reputation of the Company.

By ensuring that these rules are observed, the Company works to protect its customers and, in general, all of its counterparties, employees, and the various regulatory authorities to which it reports.

Compliance System and Department

Independent compliance structures have been set up within the Company's different business lines to identify and prevent any risks of non-compliance.

The Compliance Officer verifies that all compliance laws, regulations and principles applicable to the Company's services are observed, and that all staff respect codes of good conduct and individual compliance. The Compliance Officer also monitors the prevention of reputational risk and provides expertise for the Company, performs controls at the highest level and assists with the day-to-day operations. The Compliance Officer is responsible for:

- The Company's financial security (prevention of money laundering and terrorism financing; know-your-customer obligations; embargoes and financial sanctions).
- Developing and updating consistent standards for the function, promoting a compliance culture, coordinating employee training and managing Company regulatory projects.
- Coordinating a compliance control mechanism within the Company (second-level controls), overseeing a normalised Compliance process, oversight of personnel operations and, finally, managing large IT projects for the function.
- Preventing and managing conflicts of interest.
- Proposing ethical rules to be followed by all Company employees.
- Training and advising employees and raise their awareness of compliance issues.
- Building and implementing steering and organisational tools for the function: Compliance and Reputational Risk dashboards, forums to share best practices, meetings of functional compliance officers.
- Generally monitoring subjects likely to be harmful to the Company's reputation.

11.1. Compliance Monitoring

In light with the regulatory requirements, the Company's compliance function has adopted the compliance monitoring plan for the reference year which was appropriate to the size of the Company as well as the nature, scale and complexity of its business so as to be able to detect any risk of failure by the Company to comply with its obligations under the relevant legislation, as well as the associated risks.

It targets the continued enhancement of priority functions, the central tools for monitoring regulatory application (including training, harmonisation, and regulatory oversight), financial security, constant oversight, customer protection, market integrity (including preventing conflicts of interest), and reporting quality.

The Company intends to uphold the strictest rules in order to ensure high ethical and professional standards.

11.2. Prevention of Money Laundering and Terrorism Financing

Money laundering and terrorist financing risk mainly refers to the risk where the Company may be used as a vehicle to launder money and/or assist/be involved in financing terrorism.

The Company has in place, and is updating as applicable, certain policies, procedures and controls in order to mitigate the money laundering and terrorist financing risks, based on the *Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007-2023* ("AML Law"). Among others, these policies, procedures and controls include the following:

- The adoption of a risk-based approach that involves specific measures and procedures in assessing the most cost effective and appropriate way to identify and manage the Money Laundering and Terrorist Financing risks faced by the Company.
- The adoption of adequate Client due diligence and identification procedures in line with the Clients' assessed Money Laundering and Terrorist Financing risk.
- Setting certain minimum standards of quality and extent of the required identification data for each type of Client (e.g. documents from independent and reliable sources, third party information).
- Obtaining additional data and information from Clients, where this is appropriate and relevant, for the proper and complete understanding of their activities and source of wealth and for the effective management of any increased risk emanating from a particular Business Relationship or an Occasional Transaction.
- Monitoring and reviewing the business relationship or an occasional transaction with clients and potential clients of high-risk countries.
- Ensuring that the Company's personnel receive the appropriate training and assistance.

The Company is frequently reviewing its policies, procedures and controls with respect to money laundering and terrorist financing to ensure compliance with the applicable legislation and incorporated, as applicable, any new information issued/available in this respect.

12. Appendix- ESG Disclosures

Table 24: Qualitative information on Environmental risk

Row number	Qualitative information	
	Business strategy and processes	
(a)	Institution's business strategy to integrate environmental factors and risks, taking into account the impact of environmental factors and risks on institution's business environment, business model, strategy and financial planning.	N/A
(b)	Objectives, targets and limits to assess and address environmental risk in short-, medium-, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes.	N/A
(c)	Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities.	N/A
(d)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks.	N/A
	Governance	
(e)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels.	Please refer to Section 2.7.2 ESG Governance
(f)	Management body's integration of short-, medium- and long-term effects of environmental factors and risks, organisational structure both within business lines and internal control functions.	Please refer to Section 2.7.2 ESG Governance
(g)	Integration of measures to manage environmental factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels.	Please refer to Section 2.7.2 ESG Governance
(h)	Lines of reporting and frequency of reporting relating to environmental risk.	Please refer to Section 2.7.2 ESG Governance
(i)	Alignment of the remuneration policy with institution's environmental risk-related objectives.	Please refer to Section 2.7.2 ESG Governance
	Risk management	

(j)	Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework.	Please refer to Section 2.7.3 ESG Risk Management
(k)	Definitions, methodologies and international standards on which the environmental risk management framework is based.	Please refer to Section 2.7.3 ESG Risk Management
(l)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to environmental risks, covering relevant transmission channels.	Please refer to Section 2.7.3 ESG Risk Management
(m)	Activities, commitments and exposures contributing to mitigate environmental risks.	Please refer to Section 2.7.3 ESG Risk Management
(n)	Implementation of tools for identification, measurement and management of environmental risks.	Please refer to Section 2.7.3 ESG Risk Management
(o)	Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile.	Please refer to Section 2.7.3 ESG Risk Management
(p)	Data availability, quality and accuracy, and efforts to improve these aspects.	Please refer to Section 2.7.3 ESG Risk Management
(q)	Description of limits to environmental risks (as drivers of prudential risks) that are set, and triggering escalation and exclusion in the case of breaching these limits.	Please refer to Section 2.7.3 ESG Risk Management
(r)	Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework.	Please refer to Section 2.7.3 ESG Risk Management

Table 25: Qualitative information on Social risk

Row number	Qualitative information	
	Business strategy and processes	
(a)	Adjustment of the institution's business strategy to integrate social factors and risks taking into account the impact of social risk on the institution's business environment, business model, strategy and financial planning	N/A
(b)	Objectives, targets and limits to assess and address social risk in short-term, medium-term and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes	N/A
(c)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce socially harmful activities	N/A
	Governance	
(d)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of social risk management covering counterparties' approaches to:	Please refer to Section 2.7.2 ESG Governance
(i)	Activities towards the community and society	
(ii)	Employee relationships and labour standards	
(iii)	Customer protection and product responsibility	
(iv)	Human rights	
(e)	Integration of measures to manage social factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body	Please refer to Section 2.7.2 ESG Governance
(f)	Lines of reporting and frequency of reporting relating to social risk	Please refer to Section 2.7.2 ESG Governance
(g)	Alignment of the remuneration policy in line with institution's social risk-related objectives	Please refer to Section 2.7.2 ESG Governance
	Risk management	
(h)	Definitions, methodologies and international standards on which the social risk management framework is based	Please refer to Section 2.7.3 ESG Risk Management

(i)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels	Please refer to Section 2.7.3 ESG Risk Management
(j)	Activities, commitments and assets contributing to mitigate social risk	Please refer to Section 2.7.3 ESG Risk Management
(k)	Implementation of tools for identification and management of social risk	Please refer to Section 2.7.3 ESG Risk Management
(l)	Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits	Please refer to Section 2.7.3 ESG Risk Management
(m)	Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework	Please refer to Section 2.7.3 ESG Risk Management

Table 26: Qualitative information on Governance risk

Row number	Qualitative information	
	Governance	
(a)	Institution's integration in their governance arrangements governance performance of the counterparty, including committees of the highest governance body, committees responsible for decision-making on economic, environmental, and social topics	Please refer to Section 2.7.2 ESG Governance
(b)	Institution's accounting of the counterparty's highest governance body's role in non-financial reporting	Please refer to Section 2.7.2 ESG Governance
(c)	Institution's integration in governance arrangements of the governance performance of their counterparties including:	Please refer to Section 2.7.2 ESG Governance
(i)	Ethical considerations	
(ii)	Strategy and risk management	
(iii)	Inclusiveness	
(iv)	Transparency	
(v)	Management of conflict of interest	

(vi)	Internal communication on critical concerns	
	Risk management	
(d)	Institution's integration in risk management arrangements the governance performance of their counterparties considering:	Please refer to Section 2.7.3 ESG Risk Management
(i)	Ethical considerations	
(ii)	Strategy and risk management	
(iii)	Inclusiveness	
(iv)	Transparency	
(v)	Management of conflict of interest	
(vi)	Internal communication on critical concerns	

13. Appendix – References to EBA guidelines

Templates	Compliance References	Section
EU IF CC1.01	Composition of regulatory own funds	3.4
EU IF CC2	Own funds reconciliation of regulatory own funds to balance sheet in the audited financial statements	3.4
EU IF CCA	Own funds main features of own instruments issued by the Company	3.4

14. Appendix - Specific References to IFR

IFR Ref	High Level Summary	Compliance Reference (Document Sections)
Scope of disclosure requirements		
46(1)	Requirement to publish Pillar III disclosures.	1.2
46(2)	Disclosure of information set out in Articles 47, 49 and 50.	N/A
46(3)	Requirement to publish Pillar III disclosures where the investment firm meets the conditions for qualifying as small and non-interconnected investment firms set out in Article 12 of the IFR,	N/A
Risk management objectives and policies		
47	Disclosure of the risk management objectives and policies for each separate category of risk set out in Parts Three, Four and Five in accordance with Article 46 of IFR, including a summary of the strategies and processes to manage those risks and a concise risk statement approved by the investment firm's management body succinctly describing the investment firm's overall risk profile associated with the business strategy.	Preface, 2
Governance		
48(a)	Number of directorships held by members of the management body.	2.10
48(b)	Diversity with regard to the selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved.	2.5, 2.8
48(c)	Whether or not the investment firm has set up a separate risk committee and the number of times the risk committee has met annually	2
Own Funds		
49(1)(a)	Full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and applicable filters and deductions applied to own funds of the investment firm and the balance sheet in the audited financial statements of the investment firm	3.4
49(1)(b)	Description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the investment firm	3.4
49(1)(c)	Description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments and deductions to which those restrictions apply	3

Own Funds Requirements		
50(a)	Summary of the investment firm's approach to assessing the adequacy of its internal capital to support current and future activities.	2.3
50(b)	upon a request from the competent authority, the result of the investment firm's internal capital adequacy assessment process, including the composition of the additional own funds based on the supervisory review process as referred to in point (a) of Article 39(2) of Directive (EU) 2019/2034	N/A
50(c)	K-factor requirements calculated, in accordance with Article 15 of the IFR, in aggregate form for RtM, RtF, and RtC, based on the sum of the applicable K-factors.	4
50(d)	Fixed overheads requirement determined in accordance with Article 13 of the IFR.	5
Remuneration Disclosures		
51	Remuneration Policy and practices.	2.9
Investment Policy Disclosures		
52	Investment Policy.	2.6
Environmental, social and governance risks Disclosures		
53	Environmental, social and governance risks.	2.7 and 12