

REDPINE CAPITAL LIMITED

DISCLOSURES & MARKET DISCIPLINE

According to Part Six of Regulation (EU) 2019/2033 of the European Parliament and of the Council on the prudential requirements of investment firms

FOR THE YEAR ENDED 31 DECEMBER 2022

April 2023

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1. INTRODUCTION

1.1.CIF Information

Redpine Capital Limited (hereinafter referred to as the ‘Company’) was incorporated in the Republic of Cyprus on 24 January 2019 as a private limited liability company with registration number HE 393695 and it is a Cyprus Investment Firm. The Company obtained a licence from the Cyprus Securities and Exchange Commission (hereinafter referred to as the “CySEC”), with licence number CIF 391/20 on 09 November 2022.

The table below illustrates the current licence information of the Company:

Table 1: Company License Information (based on the First Appendix of the Law 87(I)/2017)

		Investment Services and Activities								Ancillary Services						
		1	2	3	4	5	6	7	8	1	2	3	4	5	6	7
Financial Instruments	1	✓	✓	-	-	-	-	-	-	✓	✓			✓		-
	2	-	-	-	-	-	-	-	-	-	-			-		-
	3	-	-	-	-	-	-	-	-	-	-			-		-
	4	-	-	-	-	-	-	-	-	-	-			-		-
	5	-	-	-	-	-	-	-	-	-	-			-		-
	6	-	-	-	-	-	-	-	-	-	-	-	✓	-	-	-
	7	-	-	-	-	-	-	-	-	-	-			-		-
	8	-	-	-	-	-	-	-	-	-	-			-		-
	9	✓	✓	-	-	-	-	-	-	✓	✓			✓		-
	10	-	-	-	-	-	-	-	-	-	-			-		-
	11	-	-	-	-	-	-	-	-	-	-			-		-

The Company is authorised to provide the following **Investment Services**, in accordance with Part I of the First Appendix of the Law 87(I)/2017:

- Reception and transmission of orders in relation to one or more financial instruments
- Execution of orders on behalf of clients

The Company is authorised to provide the following **Ancillary Services**, in accordance with Part II of the First Appendix of the Law 87(I)/2017:

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management.
- Granting credits 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.
- Investment research and financial analysis or other forms

The Company is authorised to provide the aforementioned investment and ancillary services, as applicable for each service, for the following Financial Instruments, in accordance with Part III of the First Appendix of the Law 87(I)/2017:

1. Transferable Securities
2. Financial contracts for differences

1.2. Classification and prudential requirements

The Investment Firms Directive (EU) 2019/2034 (“IFD”) and the Investment Firm Regulation, Regulation (EU) 2019/2033 (“IFR”) entered into force on 26 July 2021, introducing a new classification system for investment firms, based on their activities, systemic importance, size and interconnectedness. All investment firms are classified as Class 1, 2 or 3 Investment Firms.

Class 1 Investment Firms are the largest and most interconnected investment firms, with risk profiles similar to those of significant credit institutions, have equal treatment with credit institutions in the sense of a level playing field accordingly, and they fall entirely under the Regulation (EU) No 575/2013 (“CRR”).

Investment Firms categorized as Class 2 and Class 3 have had the most impact following the introduction of the new prudential framework as their capital requirements, reporting requirements and internal governance policies are subject to the provisions of IFR/IFD.

Cyprus Investment Firms (“CIFs”) that meet all of the below criteria are categorised as Class 3 Investment Firms while when they exceed any of the following specific size thresholds, they are categorised as Class 2 Investment Firms.

Table 2: Threshold Criteria

No.	Metric	Thresholds
1.	Assets Under Management	<€1.2 billion
2.	Client orders handled – cash trades	< €100 million per day
3.	Client orders handled – derivative trades	<€1 billion per day
4.	Assets safeguarded and administered	zero
5.	Client money held	zero
6.	On- and off-balance sheet total	< €100 million
7.	Total annual gross revenue from investment services and activities	< €30 million

Further to the above, the Company is categorized as a **Class 2 Investment Firm** since it does not meet all of the above criteria and as such it should maintain own funds of at least the **higher** between:

A. Permanent minimum capital requirement

The Company’s initial capital requirement is €150k since it is not authorised to provide the investment service of Dealing on Own accounts but it is permitted to hold clients’ money and assets.

However, the Company applies the five-year transitional provision regarding the minimum initial capital requirement as per Article 57(4)(b) of IFR. Therefore, the Company’s minimum initial capital requirement was €125k for the year-end 2021 and shall increase by €5k each year for the next five years (2021-2026), ensuring a smoother transition into IFR requirements.

Further to the above, the Company’s minimum initial capital for the year end 2022 was €130k.

As at the reference date, the Company’s own funds were below the minimum capital requirement and as such the Company was in violation with the IFR own funds requirements. In this respect,

the Company's shareholders injected additional funds during the year under review and the first quarter of 2023 in order to rectify the violation and ensure compliance with the initial capital requirement as per the provisions of Paragraph 9 of the Law.

B. Fixed overhead requirements

The Fixed Overheads Requirement is calculated as one quarter ($\frac{1}{4}$) of the previous year fixed expenses (based on audited figures).

C. K-Factors requirement

The K-Factors are quantitative indicators that reflect the risk that the prudential regime addresses. Specifically, the capital requirement from applying the K-factors formula (pursuant to Article 15 of the IFR) is the sum of the Risk to Client, Risk to Market and Risk to Firm proxies.

Since the Company is neither authorised to offer the Dealing on Own Account nor to offer the Portfolio Management and Investment Advice Investment Services, only K-COH, K-CMH and K-ASA K-Factors are applicable. Moreover, the Company also calculate the respective capital requirements for K-NPR deriving from banking book exposures.

However and due to the lack of historical information with respect to the K-Factors, the Company used the financial projections based on its latest business plan in order to calculate the K-Factors capital requirements.

1.3.Scope of application

The Market Disclosures Report (the 'Report') is prepared on an individual (solo) basis in accordance with the disclosure requirements as laid out in Part Six of the IFR. Investment firms are required to disclose their capital resources, capital requirements, remuneration policies, practices and governance standards.

The Report has as a starting point the financial information used in the Company's Financial Statements which are prepared in accordance with the International Financial Reporting Standards ("IFRS"). As the two documents serve different purposes, the reported figures illustrate differences, which lie on the differences of the fundamental concepts between the IFR and the IFRS.

1.4.Regulatory framework

The Report has been prepared in accordance with the regulatory regime for investment firms that the European Parliament has adopted, the IFR and the IFD as well as the relevant provisions of the Law 165(I)/2021 "*The Prudential Supervisions for Investment Firms Law of 2021*" (the "Law") and the Law 164(I)/2021, amending Law 97(I)/2021, "*The Capital Adequacy Investment Firms Law of 2021*".

The IFR establishes the prudential requirements in terms of own funds, level of minimum capital, concentration risk, liquidity requirements and level of activity with respect to EU investment firms. Furthermore, IFR introduced significant changes in the prudential regulatory regime applicable to Investment Firms, including a new classification system, an amended minimum initial capital requirement and minimum capital ratios, changes in the calculation of capital requirements, variations in reporting requirements, internal governance policies, the introduction

of the K-Factors methodology and practices relating to liquidity requirements, large exposures and consolidation requirements.

The Regulatory framework consists of a three “Pillar” approach:

- **Basic Requirements** - Covers minimum capital and liquidity requirements.
- **Internal Capital Adequacy and Risk Assessment Process** – Regulates the investment firm’s accountability to the regulator for capital and liquidity adequacy. If the regulator deems the capital to be insufficient, a corrective requirement can be imposed on the company in the form of what is known as a ‘SREP decision’.
- **Disclosures** - Market Discipline requires the disclosure of information regarding the prudential requirements, risk management and principles of the remuneration policy.

The Company has a formal policy, approved by the Board of Directors (‘Board’ or ‘BoD’), which details its approach in complying fully with the market disclosure requirements as laid out in Part Six of the IFR. The provisions on disclosure requirements are described in Articles 46 to 53 of the IFR. In addition, these disclosures must be verified by the external auditors of the CIF. The CIF will be responsible to submit its external auditors’ verification report to CySEC. The Company has included its risk management disclosures on its website.

Materiality is based on the criterion that the omission or misstatement of information would be likely to change or influence the decision of a reader relying on that information for the purpose of making economic decisions. Where the Company has considered a disclosure to be immaterial, this was not included in the document.

Frequency

The Company’s policy is to publish the disclosures required on an annual basis. The frequency of disclosure will be reviewed should there be a material change in approach used for the calculation of capital, business structure or regulatory requirements.

Location of publication

The Company’s market disclosures are published on the Company’s official website:

- www.xbmarkets.com;
- <https://www.purewallet.app/trade>

Verification

The Company’s market disclosures are subject to internal review and validation prior to being submitted to the Board for approval. The Company’s market disclosures have been reviewed and approved by the Board. In addition, the Remuneration disclosures have been reviewed by the Risk Manager.

1.5.Risk management objectives and policies

To ensure effective risk management, the Company has adopted the Three Lines of Defence model, with clearly defined roles and responsibilities.

First Line of Defence

Managers are responsible for establishing an effective control framework within their area of operation and identifying and controlling all risks so that they are operating within the organisational risk appetite and are fully compliant with the Company’s policies and where appropriate defined thresholds. The First Line of Defence acts as an early warning mechanism for identifying (or remedying) risks or failures.

Second Line of Defence

The Risk Management Function is responsible for proposing to the Board appropriate objectives and measures to define the Company’s risk appetite, devising the suite of policies necessary to control the business including the overarching framework, independently monitoring the Company’s risk profile and providing additional assurance where required. The Risk Management Function will leverage their expertise by providing frameworks, tools and techniques to assist management in meeting their responsibilities, as well as acting as a central coordinator to identify enterprise-wide risks and make recommendations to address them. Integral to the mission of the Second Line of Defence is identifying risk areas, detecting situations/activities in need of monitoring, and developing policies to formalise risk assessment, mitigation and monitoring.

Third Line of Defence

Comprised by the Internal Audit Function which is responsible for providing assurance to the Board on the adequacy of design and operational effectiveness of the systems of internal controls. Internal Audit undertakes on-site inspections/visits to ensure that the responsibilities of each Function are discharged properly (i.e. soundly, honestly and professionally) as well as reviewing the Company’s relevant policies and procedures. Internal Audit works closely with both the First and Second Lines of Defence to ensure that its findings and recommendations are taken into consideration and followed, as applicable.



1.5.1. Risk Management Framework

Managing risk effectively in a Company operating in a continuously changing risk environment, requires a strong risk management culture. As a result, the Company has established an effective risk oversight structure and the necessary internal organisational controls to ensure that the Company undertakes the following:

- Adequate risk identification and management,
- Establishment of the necessary policies and procedures,
- Setting and monitoring of relevant limits, and
- Compliance with the applicable legislation.

The Board meets on a regular basis and receives updates on risk and regulatory capital matters from management. The Board reviews regularly (at least annually) written reports concerning compliance, risk management and internal audit policies and procedures as well as the Company's risk management policies and procedures as implemented by Management.

As part of its business activities, the Company faces a variety of risks, the most significant of which are described further below. The Company holds regulatory capital against the three all-encompassing main types of risk: credit risk, market risk and operational risk.

1.5.2. Risk Statement

The Company's activities expose it to a variety of risks, and in particular to credit risk, market risk, operational risk, compliance risk, regulatory risk, reputational risk, group risk, strategic risk, liquidity risk, conduct risk etc. The Company, through its operations, has a significant exposure to the economies and financial markets.

As regards the management of the risks arising from the current macroeconomic and political uncertainty (heightened inflation, Ukrainian crisis, climate crisis etc.), the Company is following the local government guidelines, enhancing its onboarding procedures and closely monitoring its capital and liquidity positions.

Risk Strategy

The risk strategy of the Company is the responsibility of the Board, which formulates it and is responsible for monitoring its implementation. This is achieved through the development of risk management processes and procedures as well as through an assessment of the risks undertaken and the effectiveness of the risk management framework, given the Company's business model. One important characteristic of the Company's risk strategy is the alignment with the strategic and operational targets that are set by the Board.

The risks that arise from the implementation of the Company's strategic and business plans are regularly analyzed in order to ensure the adequacy of the relevant policies, procedures and systems.

The risk strategy of the Company aims to provide to both Senior Management and employees a general risk framework for the management of the different types of risks in line with the overall risk management and risk bearing capacity of the Company. The Company recognizes the

importance of risk management to its business' success, and therefore the overall objective is to establish effective risk management policies that are able to mitigate the Company's exposure to various risks.

Risk Appetite

Risk appetite is the level and type of risk a firm is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders. Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events and outcomes. In addition, risk appetite should reflect potential impact on earnings, capital and funding/liquidity. The Company has a low-risk appetite with respect to investing and managing business and operational activities. According to the Financial Stability Board (FSB), an appropriate risk appetite framework (RAF) should enable risk target, risk appetite, risk limits and risk profile to be considered for business lines and legal entities as relevant, and within the group context.

The Risk appetite framework is defined as the overall approach, including policies, processes, controls, and systems through which risk appetite is established, communicated, and monitored. Moreover, it includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring the RAF.

The RAF should consider material risks to the financial institution, as well as to the institution's reputation vis-à-vis policyholders, depositors, investors and customers. The RAF aligns with the institution's strategy. The Company is assessing its risk appetite with respect to investing and managing business and operational activities while the Company's Risk Appetite Statement is prepared by the Risk Manager and approved by the Board of Directors.

Table 3: Risk Appetite areas

Indicator	Normal ¹	Warning ²	Limit ³
Minimum Own Fund Requirement	≥€160k	<€160k	€130k
Common Equity Tier 1 Ratio ⁴	>100%	<75%	56%
AT1 Capital Ratio ⁴	>125%	<100%	75%
Total Capital Ratio ⁴	>150%	<125%	100%
Liquid Assets	>€50k	<€50k	€42k
Return on Assets	≥5.00%	<5.00%	0.00%
Retained Earnings / Total Equity	≥10.00%	<10.00%	5.00%

Notes:

1. The level of the indicator is within the acceptable limits as per the Company's risk appetite.
2. The Company should take proactive actions in order to ensure that the level of the indicator will remain above the acceptable limits.
3. The level of the indicator falls below the acceptable limits and as such the Company should proceed with the required actions in order to restore the level of the said indicator to the normal predefined levels.
4. Additional own funds requirement and additional 18.75% total capital ratio requirement as per the paragraph 18 of the Law 20(I)/2016 have been taken into consideration for Normal and Warning thresholds.

The Risk Appetite framework has been designed to create links to the strategic long-term plan, capital planning and the Company's risk management framework.

The Board approves the Company's corporate strategy, business plans, budget, long term plan and ICARA. The Company employs mitigation techniques defined within the Company's policies, to ensure risks are managed within its Risk Appetite.

1.5.3. Risk Culture

Risk culture is a critical element in the Company's risk management framework and procedures. Management considers risk awareness and risk culture within the Company as an important part of the effective risk management process. Ethical behavior is a key component of the strong risk culture, and its importance is also continuously emphasized by the management.

The Company is committed to embedding a strong risk culture throughout the business where everyone understands the risks they personally manage and are empowered and qualified to take accountability for them. The Company embraces a culture where each of the business areas are encouraged to take risk-based decisions, while knowing when to escalate or seek for advice.

1.6. Declaration of the Board

The Board is required to proceed with an annual declaration on the adequacy of the Company's risk management framework and ensure that the risk management arrangements and systems of financial and internal control in place are in line with the Company's risk profile.

The Company's risk management framework is designed to identify, assess, mitigate and monitor all sources of risk that could have a material impact on the Company's operations. The Board considers that the Company has in place adequate systems and controls with regards to its size, risk profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, to avoid or minimise loss. Key ratios and figures representing interaction of the risk profile and the stated risk tolerances are deemed to be proprietary information.

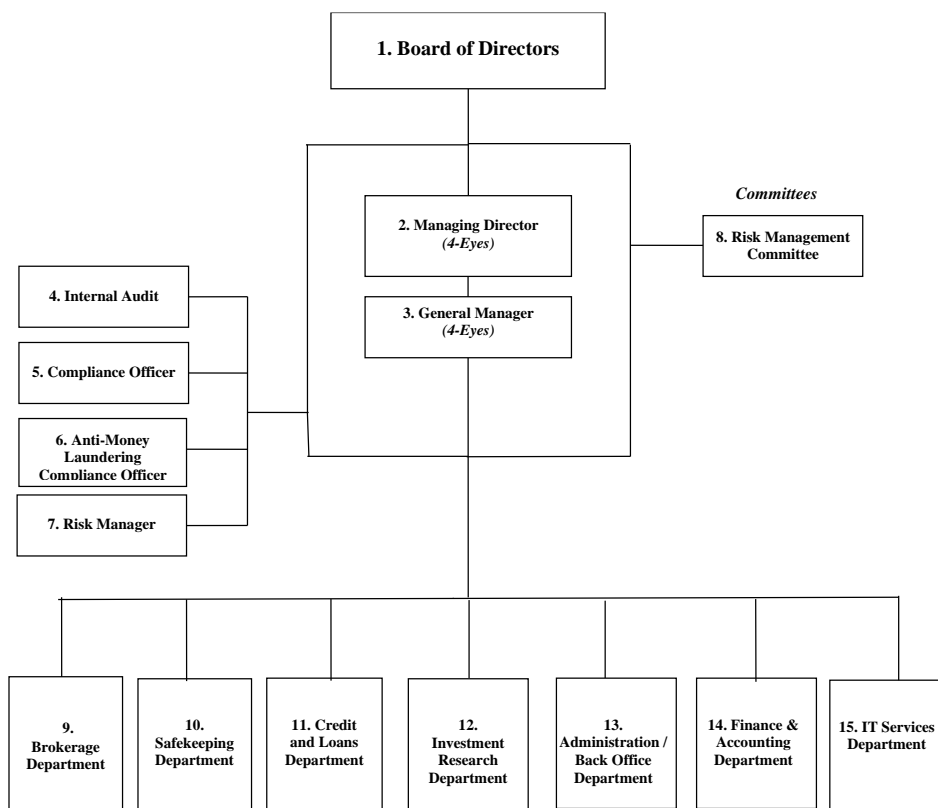
2. CORPORATE GOVERNANCE

The Company’s systems of risk management and internal control include risk assessment, management or mitigation of risks, including the use of control processes, information and communication systems and processes for monitoring and reviewing their continuing effectiveness.

The risk management and internal control systems are embedded in the operations of the Company and are capable of responding quickly to evolving business risks, whether they arise from factors within the Company or from changes in the business environment.

2.1. Organisational Structure

The Company’s latest organizational structure is as follows:



Through the said structure, the Company incorporates a strict Internal Governance framework. Furthermore, the Organisational Structure incorporates the various organisational and functional reporting lines, as well as the different roles and responsibilities therein, while it also facilitates the compliance of the Company with the principle of segregation of duties and helps in the avoidance and control of possible conflict of interest situations within the Company.

The Company has in place an Internal Operations Manual which lays down the activities, processes, duties and responsibilities of the Board, Committees, Senior Management and staff constituting the Company.

Moreover, the Company implements and maintains adequate risk management policies and procedures which identify the risks relating to the Company’s activities, processes and systems, and where appropriate, sets the level of risk tolerated by the Company. The Company adopts

effective arrangements, processes and systems, in light of the set level of risk tolerance, where applicable.

2.1.1. Board of Directors

As at 31 December 2022, the Board comprises of two executive directors and two non-executive directors (pending CySEC's approval).

The Board has the ultimate and overall responsibility for the investment firm and defines, oversees and is accountable for the implementation of the governance arrangements. The Board is responsible for ensuring that the Company complies at all times with its obligations under the Law. In doing so, the Board approves and periodically reviews the effectiveness of the policies, arrangements and procedures put in place, whilst if needed, takes appropriate measures to address any deficiencies.

The main responsibilities of the Board of Directors are:

- To establish, implement and maintain decision-making procedures and an organizational structure which clearly and in documented manner specifies reporting lines and allocates functions and responsibilities;
- To ensure that its relevant persons are aware of the procedures that must be followed for the proper discharge of their responsibilities;
- To establish, implement and maintain adequate internal control mechanisms designed to secure compliance with decisions and procedures at all levels of the CIF;
- To employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them;
- To establish, implement and maintain effective internal reporting and communication information at all relevant levels of the CIF;
- To maintain adequate and orderly records of its business and internal organization; and
- To ensure that the performance of multiple functions by its relevant persons does not and is no likely to prevent those persons from discharging any particular function soundly, honestly, and professionally.

The Board has the overall responsibility for the establishment and oversight of the Company's Risk Management Framework. The Board satisfies itself that financial controls and systems of risk management are robust.

2.1.2. Risk Manager

Further to the formation of the overall Internal Governance Framework, it should be noted that the Board has appointed a Risk Manager to ensure that all the different types of risks taken by the Company are in compliance with the Law and the obligations of the Company under the Law, and that all necessary procedures, relating to risk management are in place and are functional on an operational level from a day-to-day basis. The Risk Manager reports directly to the Senior Management of the Company while as previously discussed, the Risk Management Committee is responsible to control and overview the Risk Manager's actions/ performance at work.

The main responsibilities of the Board of Directors are:

- Design the overall risk management system of the Company;
- Comply and implement the relevant provisions of the Law;
- Prepare the Risk Management policies and procedures;

- Provide training to relevant employees and the Senior Management, on risk-related issues;
- Analyze the market and its trends;
- Evaluate the effect of the introduction of any potential new services or activities on the Company's risk management;
- Measures for the monitoring of capital adequacy and large exposures;
- Draft written reports to the Board including recommendations;
- Monitor Client and counterparty limits;
- Identify and manage the overall risks faced by the Company;
- Establish methods for risk monitoring and measurement;
- Monitor the performance and overall actions of the Dealing on Own Account Department;
- Prepare and implement the ICARA of the Company;
- Apply stress testing scenarios and undertake analysis of the results;
- Review the policy on maximum limits with respect to liquidity risk and market risk;
- Identify the instruments that are qualified as liquid assets;
- Ensure that data for the calculation of the K-Factors requirement are available at all times; and
- Fulfil the disclosure requirements under part six of IFR based on the categorization of the Company.

2.1.3. Committees

Establishing committees helps management bodies in their supervisory function. Committees draw on the specific knowledge and areas of expertise of individual management body members. While committees should prepare decisions and make recommendations to the management body in its supervisory function, the management body has the overall responsibility.

According to Circular C487, if the Company meets the definition of 'significant CIF' as set out in Section 26(8)(a) of the Law, it is obligated to establish a Risk, Remuneration and Nomination Committee. The Company does not fall under the definition of 'significant CIF' since its average on and off-balance sheet items during the four preceding years were less than €100m. Therefore, it is not required to comply with the additional regulatory requirements indicated above

However, the Company has established a *Risk Management Committee*, in order to ensure the effectiveness of the risk management policies and procedures.

Risk Management Committee

The Risk Management Committee of the Company is formed with the view of ensuring the efficient monitoring of the risks inherent in the provision of investment and ancillary services to Clients, as well as the overall risks underlying the operations of the Company. To this effect, the Company has adopted and maintains an applied risk management framework/policy, which identifies the risks relating to the Company's activities, processes and systems and sets the risk tolerance levels of the Company.

The Risk Management Committee bears the responsibility to monitor the adequacy and effectiveness of the risk management framework/policy and procedures that are in place, the level of compliance by the Company and its relevant persons with the policies and procedures adopted as well as the adequacy and effectiveness of measures taken to address any deficiencies with

respect to those policies and procedures that are in place, including failures by the Company's relevant persons to comply with those policies and procedures. Furthermore, the risk management committee advises the management body on the investment firm's overall current and future risk appetite and strategy and assists the management body in overseeing the implementation of that strategy by senior management.

2.1.4. Other Governance Functions

Internal Audit Function

The Internal Auditor reports to the Senior Management and the Board of the Company and is separated and independent from the other functions and activities of the Company. The Internal Auditor has access to the Company's premises, systems, information, personnel and financials. The Board ensures that internal audit issues are considered when presented to it by the Internal Auditor and appropriate actions are taken according to the Board's assessment and prioritization. Moreover, the qualifications of the committee members should entail sufficient academic background, extensive knowledge of and exposure to the capital markets and financial services industry, and high level of knowledge and understanding of the legal framework under which the Company is regulated.

Compliance Function

Pursuant to the regulatory obligations of the Company and with the view to complement the Internal Governance framework of the Company, the Board has established a compliance function to manage compliance risk. Furthermore, the Board has appointed the Compliance Officer (the "CO") who is to be responsible for this function across the entire investment firm. More specifically, the CO is responsible to establish, implement and maintain adequate policies and procedures designed to detect any risk of failure by the Company to comply with its obligations, to put in place adequate measures and procedures designed to minimize such risks and to enable the competent authorities to exercise their powers effectively. The compliance function, policies and procedures should also be compliant with Article 22 of Commission Delegated Regulation (EU) 2017/565 and ESMA guidelines on the compliance function.

The Compliance Officer is independent and reports directly to the Senior Management of the Company, having at the same time the necessary authority, resources, expertise and access to all relevant information. The staff within the compliance function possess sufficient knowledge, skills and experience in relation to compliance and relevant procedures and have access to regular training.

Anti-Money Laundering Compliance Officer

The Board retains a person for the position of the Company's Anti-Money Laundering Compliance Officer (hereinafter the "AMLCO") to whom the Company's employees report their knowledge or suspicion of transactions involving money laundering and/or terrorist financing. The AMLCO belongs to the higher hierarchical levels/layers of the Company so as to command the necessary authority. The AMLCO leads the Company's Anti-Money Laundering Compliance procedures and processes and reports to the Senior Management and the Board of the Company.

2.2. Policy on Recruitment

Recruitment into the Board combines an assessment of both technical capability and competency skills referenced against the Company's leadership framework. Members of the Board possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board reflects an adequately broad range of experiences to be able to understand the CIF's activities, including the main risks to ensure the sound and prudent management of the Company as well as sufficient knowledge, of the legal framework governing the operations of a CIF.

Board of Directors Recruitment

The management of a CIF must be undertaken by at least two persons meeting the requirements below:

- Members of the Board shall at all times be of sufficiently good repute and possess sufficient;
- knowledge, skills and experience to perform their duties. The overall composition of the
- Board of directors shall reflect and adequately board range of experiences.
- All Board members shall commit sufficient time to perform their functions in the Company;
- The number of directorships which may be held by a member of the Board at the same time shall take into account individual circumstances and the nature, scale and complexity of the Company's activities. Unless representing the Republic, members of the Board of a CIF that is significant in terms of its size, internal organisation and the nature, the scope and the complexity of its activities shall not hold more than one of the following combinations of directorships at the same time:
 - one executive directorship with two non-executive directorships;
 - four non-executive directorships.
- For the purposes of subsection above, the following shall count as a single directorship:
 - Executive or non-executive directorships held within the same group;
 - Executive or non-executive directorships held within:
 - institutions which are members of the same institutional protection scheme provided that the conditions set out in Article 113, paragraph (7) of CRR are fulfilled; or
 - undertakings (including non-financial entities) in which the CIF holds a qualifying holding.
- Directorships in organisations which do not pursue predominantly commercial objectives shall not count for the purposes of the previous subsection;
- The Commission may allow members of the Board of Directors to hold additional non-executive directorships;
- The Board of Directors shall collectively possess adequate knowledge, skills experience to be able to understand the Company's activities, including the principal risks; and
- Each member of the Board of Directors shall act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the senior management where necessary and to effectively oversee and monitor the decision-making of the management.

Chairman of the BoD shall not exercise simultaneously the functions of a Chief Executive Officer within the Company, unless justified by the Company and approved by CySEC.

2.3. Number of Directorships held by members of the Board

The table below discloses the number of directorships held by members of the management body of the Company, including Redpine Capital Limited and any other companies belonging to the same group, as at 31 December 2022. Directorships in organisations which do not pursue predominantly commercial objectives such as non-profit or charitable organisations, are not taken into account for the purposes of the below.

Table 4: Number of Directorships of the members of the Board of Directors*

Name of Director	Position	Number of Executive Directorships	Number of Non-Executive Directorships
Mr. Paris Stylianides	Managing Director	1	-
Mr. Fidas Demetriou	General Manager	1	-

**The information in this table is based only on representations made by the directors of the Company.*

Further to the above, Mr. Polyvios Polyviou and Mr. Costas Spyrides were appointed as non-Executive Directors in replacement of Mr. Stathis Flangkofas and Panagiotis Konstantinou (date of the notification: 28 November 2022) and are pending CySEC's approval.

For the purpose of the above, Executive or Non-Executive directorships held within the same group shall count as a single directorship.

2.4. Policy on Diversity

The Company is committed to promoting a diverse and inclusive workplace at all levels, reflective of the communities in which it does business. It approaches diversity in the broadest sense, recognizing that successful businesses flourish through embracing diversity into their business strategy, and developing talent at every level in the organisation.

For this purpose, the Company takes into consideration various aspects such as broad industry experience, knowledge, independence, gender, age and cultural and educational background for the Board appointments.

The factors to be considered for the diversity of the members of the Board of Directors, are as follows:

- Professional diversity to ensure the complementarity of knowledge and skills and that the Board members collectively possess adequate knowledge, skills and experience to be able to understand the Company's activities, including the principal risks.
- Gender balance and consideration of the appropriate representation of the less represented gender in the selection of candidates.
- Efforts to not simultaneously change all the members of the management board and the supervisory board, in order to ensure the continuity of both bodies.
- Adequate representation of members in the management and supervisory board with international experience.

- An appropriate balance of the proportion of younger and older members

The members of the Board of Directors shall have adequate and mutually complementary professional knowledge, experience and skills necessary for the performance of their duties, and they are complemented by a variety of professional, geographical and educational backgrounds.

The Company for appointments and remuneration of the members of the Board of Directors should take the following into account:

- When appointing initially members to the management body of the company.
- When selecting and forming a proposal for candidates for the management body to the general meeting of shareholders of the company.
- When carrying out self-assessment of the work of the supervisory board, which should include an assessment of the composition of the management board and the supervisory board from the perspective of ensuring diversity.
- When choosing a candidate on the basis of the identified aspects of diversity, rules and generally accepted principles of non-discrimination must be respected.

For the purpose of the mentioned policy and to exercise its statutory powers and responsibilities regarding the appointment of members of the company's management body and proposing nominees to the general meeting, the Company lays down detailed criteria and procedures for selecting candidates in the following section.

2.5. Information flow on risk to the board

Risk information flows up to the Board directly from the business departments and control functions. The Board ensures that it receives on a frequent basis, at least annually written reports regarding Internal Audit, Compliance, Money Laundering and Terrorist Financing and Risk Management issues and approves the Company's ICARA report as shown in the table below:

Table 5: Information flow on risk to board

No.	Report Name	Owner of the Report	Recipient	Frequency
1	Risk Manager's Report	Risk Manager	Senior Management, Board, CySEC	Annually
2	Form 165-01	Risk Manager	Senior Management, Board, CySEC	Quarterly
3	ICARA Report	Risk Manager	Senior Management, Board	Annually
4	Market Disclosures	Risk Manager	Senior Management, Board	Annually
5	Risk Register	Risk Manager	Senior Management, Board	Annually
6	Compliance Report	Compliance Officer	Senior Management, Board, CySEC	Annually

7	Internal Audit Report	Internal Auditor	Senior Management, Board, CySEC	Annually
8	Anti-money laundering (AMLCO) Report	Anti-money laundering Compliance Officer	Senior Management, Board, CySEC	Annually
9	Audited Financial Statements	External Auditor	Senior Management, Board, CySEC	Annually
10	Form 165-03 'Prudential Supervision Information'	Risk Manager	Senior Management, Board, CySEC	Annually

Furthermore, the Company believes that the risk governance processes and policies are of at most importance for its effective and efficient operations. The processes are reviewed and updated on an annual basis or when deemed necessary.

3. OWN FUNDS

Own Funds (also referred to as capital resources) are the type and level of regulatory capital that must be held to enable the Company to absorb losses.

During the year under review, the primary objective of the Company with respect to capital management was to ensure that it complied with the imposed capital requirements with respect to its own funds and that the Company maintained healthy capital ratios in order to support its business. Further to the above, the Company, as a **Class 2** investment firm, shall at all times have own funds at least the highest of the following:

- Initial minimum requirement,
- Fixed Overheads Requirements, and
- K-Factors Requirement.

The Company throughout the year under review, managed its capital structure and made adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities.

As at the reference date, the Company's own funds were below the minimum capital requirement and as such the Company was in violation with the IFR own funds requirements. In this respect, the Company's shareholders injected additional funds during the year under review and the first quarter of 2023 in order to rectify the violation and ensure compliance with the own funds requirement at all times.

3.1. Composition of regulatory own funds

The Company shall disclose information relating to their own funds according to Article 49(a) and (c) of IFR.

The following information provides a full reconciliation of the Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1) instruments and Tier 2 (T2) instruments issued by the Company. The Company's regulatory capital comprises fully of CET1 capital while it has not issued any AT1 or T2 capital.

The composition of the Company's Own Funds which is cross-referenced to the corresponding rows in table EU IF CC2 is shown below:

Table 6: IF CC1.01 - Composition of regulatory own funds as at 31 December 2022

Common Equity Tier 1 (CET1) capital: instruments and reserves		Amounts €'000	Source based on reference numbers/letters of the balance sheet in the audited financial statements (EU IF CC2)
1	OWN FUNDS	48	
2	TIER 1 CAPITAL	48	
3	COMMON EQUITY TIER 1 CAPITAL	48	
4	Fully paid up capital instruments	250	1 (Shareholders' Equity)

5	Share premium	-	N/A
6	Retained earnings	(606)	3 (Shareholders' Equity)
7	Accumulated other comprehensive income	-	N/A
8	Other reserves	1,014	2 (Shareholders' Equity)
9	Minority interest given recognition in CET1 capital	-	N/A
10	Adjustments to CET1 due to prudential filters	-	N/A
11	Other funds	-	N/A
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
13	(-) Own CET1 instruments	-	N/A
14	(-) Direct holdings of CET1 instruments	-	N/A
15	(-) Indirect holdings of CET1 instruments	-	N/A
16	(-) Synthetic holdings of CET1 instruments	-	N/A
17	(-) Losses for the current financial year	(610)	17 (Shareholders' Equity)
18	(-) Goodwill	-	N/A
19	(-) Other intangible assets	-	N/A
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	N/A
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	N/A
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-	N/A
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-	N/A
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment	-	N/A
25	(-) Defined benefit pension fund assets	-	N/A
26	(-) Other deductions	-	N/A
27	CET1: Other capital elements, deductions and adjustments	-	N/A
28	ADDITIONAL TIER 1 CAPITAL	-	
29	Fully paid up, directly issued capital instruments	-	N/A
30	Share premium	-	N/A
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
32	(-) Own AT1 instruments	-	N/A
33	(-) Direct holdings of AT1 instruments	-	N/A
34	(-) Indirect holdings of AT1 instruments	-	N/A
35	(-) Synthetic holdings of AT1 instruments	-	N/A
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	-	N/A

37	(-) AT1 instruments of financial sector entities where the institution has a significant investment	-	N/A
38	(-) Other deductions	-	N/A
39	Additional Tier 1: Other capital elements, deductions and adjustments	-	N/A
40	TIER 2 CAPITAL	-	
41	Fully paid up, directly issued capital instruments	-	N/A
42	Share premium	-	N/A
43	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
44	(-) Own T2 instruments	-	N/A
45	(-) Direct holdings of T2 instruments	-	N/A
46	(-) Indirect holdings of T2 instruments	-	N/A
47	(-) Synthetic holdings of T2 instruments	-	N/A
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment	-	N/A
49	(-) T2 instruments of financial sector entities where the institution has a significant investment	-	N/A
50	Tier 2: Other capital elements, deductions and adjustments	-	N/A

*According to the Circular C334, CIFs should deduct the additional Cash Buffer of 3 per thousand of the eligible funds and financial instruments of their clients as at the previous year calculated according to paragraph 11(6) of the Directive DI87-07 (operation of the ICF).

3.2. Main features of capital instruments

The Company shall disclose the main features of the CET1 and AT1 instruments and Tier 2 instruments issued according to Article 49(b) of IFR. Therefore, the Company's capital instruments' main features are outlined below:

Table 7: EU IF CCA - Main features of own instruments issued by the firm

No	Item	CET1 Capital
1	Issuer	Redpine Capital Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	254900TOJXYY84ZY1E09
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Companies Law
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)	€250,000
7	Nominal amount of instrument	€1
8	Issue price	€1
9	Redemption price	N/A
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	19 October 2020
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity

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
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Non-cumulative
24	Convertible or non-convertible	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	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

3.3. Balance Sheet Reconciliation

The Company shall disclose the balance sheet included in their audited financial statements for the year-end disclosures.

As at the 31 December 2022, the reconciliation of Company's assets and liabilities and regulatory Own Funds is shown in the following table:

Table 8: EU IFCC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

No.	Item	Balance sheet as in published/ audited financial statements €'000	Cross reference to EU IF CC1
1	Property, plant and equipment	3	N/A
2	Right of use assets	193	N/A
3	Trade and other receivables	188	N/A
4	Cash and cash equivalents	16	N/A
	Total Assets	400	
1	Lease liabilities	194	N/A
2	Other payables	158	N/A
3	Current tax liabilities	<0.1	N/A
	Total Liabilities	352	
1	Share Capital	250	Ref.4
2	Advances from shareholder	1,014	Ref.8
3	Audited Reserves	(606)	Ref.6
4	Unaudited Profits	(610)	Ref.17
	Total Shareholders' equity	48	

4. OWN FUNDS REQUIREMENTS

The Company as a **Class 2** investment firm shall at all times have own funds at least the highest of the following:

- Initial Capital Requirement,
- Fixed Overhead Requirements, and
- K-Factors Requirement.

4.1. Initial Capital Requirement

As per the Title III of the Law, the initial capital of a CIF which is authorised to provide any of the investment services or perform any of the investment activities listed in points (3) and (6) of Part I of Annex I to the Investment Services and Activities and Regulated Markets Law, shall be €750k while for a CIF which is authorised to provide any of the investment activities listed in points (1), (2), (4), (5) and (7) which is not permitted to hold clients' money or securities belonging to its clients, the initial capital shall be €75k. For all other CIFs, the initial capital shall be €150k.

The Company's initial capital requirement is €150k since it is not authorised to provide the investment service of Dealing on Own accounts but it is permitted to hold clients' money and assets.

However, the Company applies the five-year transitional provision regarding the minimum initial capital requirement as per Article 57(4)(b) of IFR. Therefore, the Company's minimum initial capital requirement was €125k for the year-end 2021 and increase by €5k each year for the next five years (2021-2026), ensuring a smoother transition into IFR requirements.

Further to the above, the Company's minimum initial capital for the year end 2022 was €130k.

As at the reference date, the Company's own funds were below the minimum capital requirement and as such the Company was in violation with the IFR own funds requirements. Therefore, the Company's shareholders injected additional funds during the year under review and the first quarter of 2023 in order to rectify the violation and ensure compliance with the initial capital requirement as per the provisions of Paragraph 9 of the Law.

4.2. Fixed Overheads requirement

The fixed overheads requirement (FOR) applies to all CIFs. The FOR is intended to calculate a minimum amount of capital that a CIF would need available to absorb losses if it has cause to wind-down or exit the market.

It is calculated as the one quarter of the fixed overheads of the preceding year (or business plan where the audited financial statements are not available) in accordance with the provision of Article 13 of IFR.

Further to the above, the Company's fixed overheads requirement based on the latest audited financial statements is €125k as per the table below:

Table 9: Fixed Overheads Requirement

Item	€'000
Total expenses of the previous year after distribution of profits	610
Total deductions	111
(-)Staff bonuses and other remuneration	-
(-)Employees', directors' and partners' shares in net profits	-
(-)Other discretionary payments of profits and variable remuneration	-
(-)Shared commission and fees payable	-
(-)Fees, brokerage and other charges paid to CCPs that are charged to customers	74
(-)Fees to tied agents	-
(-)Interest paid to customers on client money where this is at the firm's discretion	-
(-)Non-recurring expenses from non-ordinary activities	-
(-)Expenditures from taxes	36
(-)Losses from trading on own account in financial instruments	-
(-)Contract based profit and loss transfer agreements	-
(-)Expenditure on raw materials	-
(-)Payments into a fund for general banking risk	-
(-)Expenses related to items that have already been deducted from own funds	-
Annual Fixed Overheads	499
Fixed Overheads requirement	125

4.3. K-Factors Requirement

The K-factors capital requirement is essentially a mixture of activity- and exposure-based requirements. The K-factors which apply to an individual investment firm will depend on the MiFID investment services and activities it undertakes. Capital requirement from applying K-factors formula is the sum of Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF').

Since the Company is neither authorised to offer the Dealing on Own Account nor to offer the Portfolio Management and Investment Advice Investment Services, only K-COH, K-CMH and K-ASA K-Factors are applicable. Moreover, the Company also calculate the respective capital requirements for K-NPR deriving from banking book exposures.

However and due to the lack of historical information with respect to the K-Factors, the Company used the financial projections based on its latest business plan in order to calculate the K-Factors capital requirements.

4.3.1. Risk to Client

The risk to Client proxy captures the risk that may be inflicted onto the clients. RtC exists in the activities/services of the firm which are related to the client and are measured as a percentage of Clients Money Held (CMH), Assets Under Management (AUM), Assets Safeguarded & Administered (ASA) and Clients' Orders Handled (COH).

The Company is required to calculate the following K-Factors requirements as part of the RtC:

4.3.1.1. K-CMH: Clients Money Held

K-CMH captures the risk of potential for harm where an investment firm holds the 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 provided that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm.

CMH is the amount of client money that an investment firm holds or controls. It excludes client money that is deposited on a (custodian) bank account in the name of the client itself, where the investment firm has access to these client funds via a third-party mandate (on a segregated or nonsegregated basis).

Calculation

CMH shall be the rolling average of the value of total daily client money held, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months.

K-CMH shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient (0.4% and for segregated accounts and 0.5% for non-segregated accounts).

However and due to the lack of historical information with respect to the K-Factors, the Company used the financial projections based on its latest business plan in order to calculate the K-Factors capital requirements. Specifically and based on the latest business plan, the expected daily average CMH is €158k resulting to a capital requirement equal to €630.

4.3.1.2. K-ASA: Assets Safeguarded and Administered

K-ASA captures the risk of safeguarding and administering client assets, 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.

ASA means the value of assets that an investment firm safeguards and administers for clients – ensuring 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.

Calculation

It is calculated as the rolling average of the daily total value of assets under safekeeping and administration, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months.

K-ASA shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient of 0.04%.

However and due to the lack of historical information with respect to the K-Factors, the Company used the financial projections based on its latest business plan in order to calculate the K-Factors

capital requirements. Specifically and based on the latest business plan, the expected daily average ASA is €1,050k resulting to a capital requirement equal to €420.

4.3.1.3. K-COH: Client Orders Handled

K-COH captures the potential risk to clients of an investment firm which executes orders (in the name of the client, and not in the name of the investment firm itself), for example as part of execution-only services to clients or when an investment firm is part of a chain for client orders.

COH captures the potential risk to clients of an investment firm which executes its orders (in the name of the client). This is the value of orders that an investment firm handles for clients, through the reception and transmission of client orders and execution of orders on behalf of clients.

Calculation

COH shall be the rolling average of the value of the total client orders handled, measured throughout each business day for the previous 6 months.

K-COH shall be the arithmetic mean of the daily values from the remaining 3 months multiplied by the relevant coefficient (0.1% and for cash trades and 0.01% for derivative trades).

However and due to the lack of historical information with respect to the K-Factors, the Company used the financial projections based on its latest business plan in order to calculate the K-Factors capital requirements. Specifically and based on the latest business plan, the expected daily average COH is €210k resulting to a capital requirement equal to €21.

4.3.2. Risk to Market

The Risk to market proxy captures the risk an IF can pose to market access. The K-factor for RtM is based on the rules for market risk, for position in financial instruments in foreign exchange and in commodities in accordance with the CRR.

4.3.2.1. K-NPR: Net Position Risk

A Class 2 investment firm must calculate its K-NPR requirement by reference to trading book positions and positions other than trading book positions where the positions give rise to foreign exchange risk or commodity risk. The K-NPR requirement is calculated in accordance with Title IV of Part Three of the CRR.

The Company is exposed to K-NPR from on-balance sheet items denominated in non-reporting currency.

As at 31 December 2022, the K-NPR capital requirement amounted to zero.

Foreign Exchange Risk

Foreign exchange risk is the effect that unanticipated exchange rate changes may have on the Company. In the ordinary course of business, the Company is exposed to foreign exchange risk, which is monitored through various control mechanisms.

The foreign exchange risk in the Company is effectively managed by setting and controlling foreign exchange risk limits, such as through the establishment of a maximum value of exposure to a particular currency pair as well as through the utilization of sensitivity analysis.

The Company's foreign exchange risk capital requirement is zero emanating from a net foreign exchange exposure of zero based on the latest relevant calculations of the Company's capital requirements as at 31 December 2022.

The Company continues to regularly monitor the impact of exchange rate risks and if deemed necessary, corrective actions will be taken to minimize the effect.

4.3.3. K-Factors Requirement Results

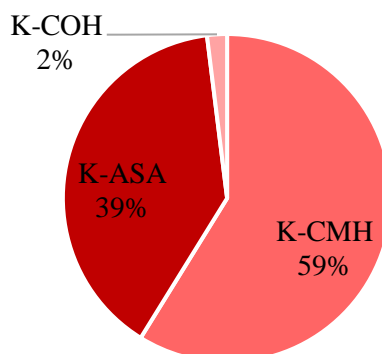
As at 31 December 2022, the Company's K-Factors Requirement is €1k as shown in the table below:

Table 10: K-Factors Results

Item	Factor Amount €	K-Factor Requirement €
TOTAL K-FACTOR REQUIREMENT		1,071
Risk To clients		1,071
<i>K-CMH (Segregated)</i>	<i>157,500</i>	<i>630</i>
<i>K-CMH (non-Segregated)</i>	-	-
<i>K-ASA</i>	<i>1,050,000</i>	<i>420</i>
<i>K-COH (Cash Trades)</i>	-	-
<i>K-COH (Derivative Trades)</i>	<i>210,000</i>	<i>21</i>
Risk to Market		-
<i>K-NPR</i>		-

The graph below shows the breakdown of the K-Factors capital requirement as at 31 December 2022:

K-FACTORS REQUIREMENT



4.4. Capital Ratios

According to provision 9 of the IFR, Investment firms shall have own funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, and shall meet all the following conditions at all times:

$$\frac{\text{Common Equity Tier 1 Capital}}{D} \geq 56\%$$

$$\frac{\text{Common Equity Tier 1 Capital} + \text{Additional Tier 1 Capital}}{D} \geq 75\%$$

$$\frac{\text{Common Equity Tier 1 Capital} + \text{Additional Tier 1 Capital} + \text{Tier 2 Capital}}{D} \geq 100\%$$

where D is the Company's own funds requirement calculated in accordance with Article 11.

The Company's own funds, own funds requirement and capital ratio reported as at 31 December 2022, were the following:

Table 11: Capital Adequacy Analysis

OWN FUNDS COMPOSITION		€'000
Total Own Funds		48
OWN FUNDS REQUIREMENTS		€'000
Initial Capital*		130
Fixed Overheads Requirement		125
K-Factors Requirement		1
Own funds Requirement		130
CAPITAL RATIOS		
CET 1 (min. 56%)		36.95%
T1 (min. 75%)		36.95%
Total (min. 100%)		36.95%
Surplus of Total capital		(82)

*Transitional requirement applied (as per article 57(4)(b) of IFR)

As per the above results, the Company as at 31 December 2022 did not maintain adequate own funds to cover its capital requirements. However, during the year under review and thereafter, the Company's shareholders proceeded with several rounds of capital injections to the Company in order to support its business operations and ensure compliance with the prudential regulatory requirements at all times.

Moreover, the Company should monitor the above ratios in order to ensure compliance with the capital adequacy requirements at all times.

Further to the above, the Company has implemented a capital adequacy monthly monitoring program in order to ensure compliance with the IFR requirements at all times. In this respect, the Company calculates the capital requirement on a monthly basis in order to assess the capital adequacy ratio for the respective month.

4.5. Reporting requirements

The Company as a Class 2 investment firm is required by the Law to report on a quarterly basis the following items:

- a) Level and composition of own funds
- b) Own funds requirements
- c) Own funds requirement calculations
- d) Where the firm is a Class 3 firm – the level of activity, including the balance sheet
- e) Revenue breakdown by investment service and applicable K-factors
- f) Concentration risk
- g) Liquidity requirements

The above information shall be reported to CySEC using the Form 165-01 “Reporting for Class 2” on a quarterly basis. The Senior Management as well as the Risk Manager monitor these reporting requirements and have policies and procedures in place to help meet the specific regulatory requirements. This is achieved through the preparation of accounts to monitor the financial and capital position of the Company. Moreover, the Company is required to submit immediately to CySEC the prudential Form 165-01 under exceptional reporting, through the TRS, when

- i. the own funds of the CIF have decreased below its own funds requirement,
- ii. the CIF’s liquid assets are below its liquidity requirement, and
- iii. the CIF has exceeded the concentration risk limits, as defined in Articles 37(1) and 37(3) of IFR.

During the year under review, the Company’s own funds have dropped below its own funds requirement and, as such, the Company’s shareholders injected additional funds in order to rectify the violation and restore compliance to the IFR requirements at all times.

Moreover, the Company fulfilled its obligations by successfully submitting, on a quarterly basis, the Capital Adequacy Reports..

4.6. Concentration risk requirements

The concentration risk arising from exposures to each counterparty, including central counterparties, groups of connected counterparties, and counterparties in the same economic sector, geographic region or from the same activity or commodity, the application of credit risk mitigation techniques, and including in particular risks associated with large indirect credit exposures such as a single collateral issuer, must be addressed and controlled including by means of written policies and procedures. Exposure means any asset or off-balance sheet item without applying the risk weights or degrees of risk. Large Exposure means the exposures in the trading book/banking book of an investment firm to a client or a group of connected clients, the value of which exceeds the limits set. According to Circular C513, the Company should notify CySEC without delay when the limits referred to in article 37(3) of IFR are exceeded, as required by article 38 of IFR. Moreover, harm can arise from more than just a concentrated trading book exposure to a client. To mitigate the potential for harm that can arise from different types of concentrated exposures or relationships, the Company should monitor and control all their sources of concentration risk, including:

- assets (for example, trade debts) not recorded in a trading book
- off-balance sheet items

- the location of client money
- the location of client assets
- the location of its own cash deposits
- the sources of its earnings.

However, there are no limits on the banking book exposures of an Investment Firm.

The Company reports to CySEC on a quarterly basis the level of concentration risk with respect to the credit institutions, investment firms and other entities where client money are held and where client securities are deposited while it shall report the level of concentration risk with respect to the credit institutions where its own cash is deposited as per Article 54(2) of IFR. Moreover, the Company reports the top five clients from which the largest amounts of the Company's earnings are derived as well as the top five, if available, largest trading book exposures and largest exposures not recorded in the trading book.

Further to the above, the Company's own corporate funds and clients' funds during the year 2022 were well diversified, as per the provisions of Paragraph 6(2) of Directive DI87-01 and Circular C418. The Company maintains proper accounting controls in order to identify, monitor and control all exposures including clients' balances and the value of the assets held as financial instruments under pledge.

4.7. Liquidity Requirement

As a Class 2 investment firm, the Company is required to hold an amount of liquid assets equivalent to at least one third of the fixed overheads requirement. The purpose is to ensure that the investment firms have an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets in cash to meet their liquidity needs for a 30-calendar day liquidity stress scenario. The IFR specifies the instruments that are eligible to be qualified as liquid assets to be included in the calculation of the said ratio:

- Coins and banknotes
- Claims on ECB or other Central Banks
- High Quality Covered Bonds
- Shares or units in CIUs.

In this respect and as per the Company's latest audited financial statements, the Company has the following liquid assets which is well above the 1/3 of the total fixed overheads requirement.

Table 12: Liquidity Requirements

Item	€'000
Liquid Assets	15
Requirement (1/3 of Fixed Overheads Requirement)	42
Surplus	(27)

Further to the above, the Company did not maintain adequate liquid assets to cover the one third fixed overheads requirement. However, during the year under review and thereafter, the Company's shareholders proceeded with several rounds of capital injections to the Company in order to support its business operations and ensure compliance with the prudential regulatory requirements at all times.

5. OTHER RISKS

5.1. Operational Risk

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk.

The following list presents some event-type categories, included in operational risk, with some examples for each category:

Internal Fraud	<ul style="list-style-type: none"> • misappropriation of assets; • tax evasion; • intentional mismarking of positions; • bribery.
External Fraud	<ul style="list-style-type: none"> • theft of information; • hacking damage; • third-party theft; • forgery.
Employment Practices and Workplace Safety	<ul style="list-style-type: none"> • discrimination; • workers compensation; • employee health; • safety.
Clients, Products, & Business Practice	<ul style="list-style-type: none"> • market manipulation; • antitrust; • improper trade.
Damage to physical assets	<ul style="list-style-type: none"> • damage to physical assets from a natural disaster, e.g. earthquake
Business Disruption & Systems Failures	<ul style="list-style-type: none"> • utility disruptions; • software failures; • hardware failures.
Execution, Delivery, & Process Management	<ul style="list-style-type: none"> • data entry errors; • accounting errors; • failed mandatory reporting; • negligent loss of Client assets.

The Company manages operational risk through a control-based environment in which processes are documented and transactions are reconciled and monitored. This is supported by continuous monitoring of operational risk incidents to ensure that past failures are not repeated.

Furthermore, the Company has in place policies and processes whose implementation assists with the evaluation and management of any exposures to operational risk.

The Company has implemented an operational risk management framework designed to ensure that operational risks are assessed, mitigated and reported in a consistent manner consisting of, inter alia, the following components:

- Maintaining a four-eye structure and implementing board oversight over the strategic decisions made by the heads of departments;
- An IT Disaster Recovery Plan has been designed in order to be used in the event of a force majeure affecting the Company's internal systems and databases;
- Maintenance of Risk Registers in the Context of the ICARA;
- A Business Continuity Plan has been implemented which helps protect all of the Company's information databases including data, records and facilities;
- The majority of actions occurring in the Company's systems are automated and therefore it is less likely that a human error will occur;
- Review of risks and controls as part of the Internal Audit function; and
- Regular review and updating of the Company's policies.

5.2. Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments (including currencies) will fluctuate due to changes in the market interest rates. The Company is exposed to interest rate risk in relation to its bank deposits and from the interest charged on the derivative financial instruments that remain open overnight.

The Company monitors interest rate fluctuations and based on the fluctuations of the relevant rates, the necessary hedging activities will be undertaken, as and where applicable.

5.3. Reputation Risk

Reputation risk is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Company on the part of customers, counterparties, shareholders, investors or regulators. Reputation risk could be triggered by poor performance, the loss of one or more of the Company's key directors, the loss of large customers, poor customer service, fraud or theft, customer claims, legal action and regulatory fines.

The Company has transparent policies and procedures in place when dealing with possible customer complaints in order to provide the best possible assistance and service under such circumstances. The possibility of having to deal with customer claims is very low as the Company provides high quality services to customers.

5.4. Strategic Risk

Strategic Risk could occur as a result of adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The Company's

exposure to strategic risk is moderate as policies and procedures to minimize this type of risk are implemented, in the overall strategy of the Company.

5.5. Business Risk

Business Risk includes the current or prospective risk to earnings and capital arising from changes in the business environment including the effects of deterioration in economic conditions. Research on economic and market forecasts is conducted with a view to minimize the Company's exposure to business risk. These are analyzed and taken into consideration when implementing the Company's strategy.

5.6. Regulatory Risk

Regulatory risk is the risk the Company faces by not complying with relevant Laws and Directives issued by its supervisory body. If materialized, regulatory risk could trigger the effects of reputation and strategic risk. The Company has documented procedures and policies based on the requirements of relevant Laws and Directives issued by the Commission; these can be found in the Procedures Manual. Compliance with these procedures and policies are further assessed and reviewed by the Company's Internal Auditors and suggestions for improvement are implemented by management. The Internal Auditors evaluate and test the effectiveness of the Company's control framework at least annually. Therefore, the risk of non-compliance is very low.

5.7. Legal and Compliance Risk

Legal & Compliance risks arise from violations of, or non-conformance with, the Law, Directives and Circulars issued thereof, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the Company mainly to financial losses due to imposed fines from the Regulators. Compliance incidents may also lead to diminished reputation, reduced Company value, limited business opportunities, reduced expansion potential, and possible inability to enforce contracts.

The probability of such risks occurring is relatively low due to the detailed internal procedures and policies implemented by the Company and regular reviews by the Internal Auditors. The structure of the Company is such to promote clear coordination of duties and the management consists of individuals of suitable professional experience, ethos and integrity, who have accepted responsibility for setting and achieving the Company's strategic targets and goals. In addition, the Board meets at least annually to discuss such issues and any suggestions to enhance compliance are implemented by management.

5.8. IT Risk

IT risk could occur as a result of inadequate information technology and processing or arise from an inadequate IT strategy and policy or an inadequate use of the Company's information technology.

Specifically, policies have been implemented regarding back-up procedures, software maintenance, hardware maintenance, use of the internet and anti-virus procedures. Materialization of this risk has been minimized to the lowest possible level.

5.9. Conduct Risk

Conduct risk is defined as the risk of an action, by an individual, financial institution or the industry as a whole, which leads to customer detriment or undermines market integrity. This can bring sanctions and negative publicity. Moreover, EBA has defined conduct risk as the current or prospective risk of losses to an institution arising from inappropriate supply of financial services including cases of wilful or negligent misconduct. Consequently, conduct risk arises from failures of designated liquidity providers located in third countries associated with the Company.

Additionally, the Company is exposed to negative balances with its Liquidity Providers, in case of fast-pacing volatile market, where the LP cannot close a position at the Company's stop out limit. Therefore, the Company may be exposed to conduct risk arising from inadequate agreements with the Liquidity Providers and/or with the third parties that hold client's funds.

As part of the risk management policy and tools, the Company has procedures in place to diversify its liquidity providers and monitors their financial position on an on-going basis. The financial soundness of the liquidity providers is closely monitored, and the company is ready to switch to alternative LPs, if necessary. Furthermore, the receivable/payable amounts with the LPs are monitored daily. In particular, the Company examines its existing procedures and arrangements with respect to the products offered and services provided.

6. INTERNAL CAPITAL ADEQUACY AND RISK ASSESSMENT PROCESS

The purpose of capital is to provide sufficient resources to absorb unexpected losses over and above the ones that are expected in the normal course of business. The Company aims to maintain a minimum risk asset ratio which will ensure there is sufficient capital to support the Company during stressed conditions.

Pursuant to Chapter 2 and Paragraph 18 of the Law, the Company should establish sound, effective and comprehensive arrangements, strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that they consider adequate to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or might be exposed. These arrangements, strategies and processes shall be appropriate and proportionate to the nature, scale and complexity of the activities of the Company and they shall be subject to regular internal review.

In light of the above, the ICARA report will present the main business background aspects and developments of the Company, a summary of the Company's business economic environment, the Company's financial summary for the previous and upcoming years, the business and strategic goals, organisational structure and the risk management framework, the overall assessment of the material risks as well as a forward-looking capital and liquidity planning.

The Company recognises the importance of the ICARA and appreciates that it enables the firm to justify its business strategy and risk assessments in such a way to be more diligent in the inclusion of risk factors in the business design process and also to hold less capital than the gross risks to which it is exposed. It is also acknowledged that the ICARA Report is a reasonably intense process, requiring information from many different departments and committees of the company and also it requires senior management time at the design phase, during the risk and financial data collection phase and for the sign-off phase. Therefore, the Board is committed to continuously update the ICARA at least annually to reflect the latest strategic plans and updates.

During the year 2022, the Company replaced its existing ICAAP with the new ICARA by establishing new assessments with respect to the liquidity adequacy of the Company, designing new financial projections and stress tests to reflect the K-Factors requirement and drafting a new report which reflects all provisions under the new regulation. The methodologies of K-Factors and Liquidity Stress tests incorporated into the ICARA process, as well as the updated risk register which focus on a harm-pose approach identifying different potential risk events that may affect the Company's overall capital adequacy position.

The ICARA Report and capital planning for the year 2021 has been prepared and approved by the Board in the third quarter of 2022. The report is being reviewed and updated annually, while it is submitted to CySEC upon its request as laid down at Article 50(b) of the IFR.

7. REMUNERATION POLICY AND PRACTICES

The Company has established a remuneration policy to set out the remuneration practices of the Company taking into consideration the salaries and benefits of the staff, in accordance with the provisions of the Directive as well as the Circular 031 (Circular 031 has been issued in place of Guidelines GD-IF-07 for the correct filing purposes) on remuneration policies and practices, where these comply with specific principles in a way and to the extent that is appropriate to the Company's size, internal organization and the nature, scope and complexity of its activities. Furthermore, the Company's remuneration strategy is designed to reward and motivate the people who are committed to maintaining a long-term career within the Company and performing their role in the interests of the Company.

The design of the Policy is approved by the people who effectively direct the business of the Company, after taking advice from the compliance function, and implemented by appropriate functions to promote effective corporate governance. The people who effectively direct the business are responsible for the implementation of remuneration policies and practices and for preventing and dealing with any relevant risks, that remuneration policies and practices can create. The Board discusses remuneration policy matters at least annually. Furthermore, the Policy also benefits from the full support of senior management or, where appropriate, the supervisory function, so that necessary steps can be taken to ensure that relevant persons effectively comply with the conflicts of interest and conduct of business policies and procedures.

Finally, the Policy aims to (i) provide for sufficient incentives so as the relevant persons, -to achieve the business targets, (ii) deliver an appropriate link between reward and performance whilst at the same time consisting of a comprehensive, consistent and effective risk management tool that prevents excessive risk taking and /or mis-selling practices in light of financial incentives schemes, which could lead to compliance risks for the Company in the long-run.

Remuneration Committee

It is noted that the Company has considered its size, internal organisation and the nature, scope and complexity of its activities and it does not deem as necessary the establishment of a specific remuneration committee. Remuneration practices are currently set by the Senior Management, in its supervisory capacity. In case the Company shall deem necessary to establish a Remuneration Committee in the future, then this section shall be updated as applicable.

Remuneration System

The Remuneration Policy covers all aspects of remuneration that could impact the effective risk management. In applying the Remuneration Policy, the Company should have regard to applicable good practice on remuneration and corporate governance. In considering the risks arising from its remuneration policies the Company will also need to take into account its statutory duties in relation to equal pay and non-discrimination, as well as any obligations arising from the national contract and labour law.

As with other aspects of the Company's systems and controls, in accordance with remuneration policies, procedures and practices, must be comprehensive and proportionate to the nature, scale and complexity of the Company's activities. What the Company must do in order to comply with the Remuneration Policy will therefore vary, e.g. while the Remuneration Guidelines may refer to a Company's need for a Remuneration Committee, it may be appropriate based on the size,

internal organization, and the nature, the scope and the complexity of the Company's activities for the Senior Management to act as the Remuneration Committee.

The principles in the Remuneration Policy are used by the CySEC to assess the quality of the Company's remuneration practices and whether they encourage excessive risk-taking by the Company employees. When/if requested, the Company shall provide to CySEC such policies and/or evidence of how well the Company's Remuneration Policy meets the remuneration guidelines. CySEC also expects investment firms to assess their exposure to risks arising from their remuneration policies/practices as part of the internal capital adequacy assessment process/internal capital and risk assessment ("ICAAP/ICARA").

The Company uses remuneration as a significant method of attracting and retaining key employees whose talent can contribute to the Company's short-term and long-term success. The remuneration mechanisms employed are well known management and human resources tools that take into account the staff's skills, experience, and performance, whilst supporting at the same time the long-term business objectives. The Company's remuneration system takes into account the highly competitive sector in which the Company operates, and the considerable amount of resources the Company invests in each member of the staff.

The Policy reflects the Company's objectives for good corporate governance as well as sustained and long-term value creation for shareholders. In addition to ensuring that the Company is able to attract, develop and retain high-performing and motivated employees in a competitive, international market, remuneration aims at encouraging employees to create sustainable results and creates a link between shareholder and employee interests.

The Policy focuses on ensuring sound and effective risk management through a stringent governance structure for setting goals and communicating these goals to employees, which includes both financial and non-financial goals in performance and result assessments whilst making fixed salaries the main remuneration component.

The Company does not have any pension contributions. The Company does not offer any severance payments in accordance with termination clauses in employment agreements, other than what the Company is required to provide under the applicable laws for redundancy of the Republic of Cyprus.

Fixed Remuneration

Fixed Remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels, which reflect the educational level, professional experience, the degree of seniority, the level of expertise and skills, risk, accountability, and responsibility needed for an employee to perform each position/role.

The fixed remuneration of staff should reflect their professional experience and organisational responsibility taking into account the level of education, the degree of seniority, the level of expertise and skills, the constraints (e.g. social, economic, cultural or other relevant factors) and job experience, the relevant business activity and remuneration level of the geographical location. The fixed remuneration should be gender neutral in the same way as the variable remuneration.

The Policy is also set in comparison with standard market practices employed by the other market participants/ competitors.

The Company's fixed remuneration is approved by the Senior Management for all the relevant employees, and it is reviewed by the Company at least annually and according to the relevant legislation without affecting the other terms of employment.

Variable Remuneration

The Company maintains a 'Variable Remuneration scheme' whereby the Relevant Persons may receive Variable Remuneration ('VR') in addition to their monthly fixed salary." Any form of variable remuneration should always be consistent with and promote sound and effective risk management.

The Company does not award, pay or provide guaranteed VR, as it is not consistent with sound risk management or the pay-for-performance principle.

In accordance with Article 30 of Directive (EU) 2019/2034, it must be ensured that the fixed and variable components of total remuneration are set in a way that allows a flexible policy on variable remuneration and reflects the business strategy of the investment firm and associated risks.

However, in accordance with the provisions of Article 30 of the Directive, the fixed component shall represent a sufficiently high proportion of the total remuneration so as to enable the operation of a fully flexible policy on variable remuneration components, including the possibility of paying no variable remuneration component. In this respect the Company establishes that Variable Remuneration **should not exceed 100% of the Fixed Remuneration for each individual.**

It is clarified in an effort to prevent emerging any conflict of interest between the Company and its clients, the Company shall trigger the process of enhanced monitoring towards any employee whose Variable Remuneration components reach 100% of the Fixed Remuneration in the given month.

The assessment of VR is based on qualitative and quantitative criteria. Quantitative criteria are numeric or financial data that is used to determine the remuneration of a relevant person (e.g., number of clients served etc.). Qualitative criteria are criteria other than quantitative criteria. Examples of Qualitative criteria include compliance with regulatory requirements (conduct of business rules) and internal procedures, that are assessed on a post event basis. VR may be received by the following Relevant Persons, as agreed between the Company and each Relevant Person, based on the agreement in place:

Remuneration of Board of Directors

The fees of the individual Board members of the Company are specified in the annual pillar 3 disclosures.

The remuneration of the executive Board members is to ensure the Company's continued ability to attract and retain the most qualified executive Board members and a good basis for succession. The remuneration of the Board consists of fixed pay.

Remuneration of Executive Directors

The remuneration of the Executive Directors ensures the Company's continued ability to attract and retain the most qualified Executive Board members and a good basis for succession planning. The remuneration of the Board members in its management function should be consistent with their powers, tasks, expertise and responsibilities. Executive members of the Board of Directors generally receive a fixed monthly salary. The amount of the annual remuneration of Executive Directors is a subject of the Shareholder's decision.

Remuneration of the Independent Non-Executive Director

Independent Non – Executive members of the Board receive a fixed fee.

The basic fee of a Board member is set at a level that reflects the qualifications and contribution required in view of the Company's complexity, the extent of the responsibilities and the number of board meetings. Remuneration rate is stipulated in non- executive director agreements.

Remuneration of Employees

The remuneration of employees consists of fixed components and in the future possibly based also on variable components, based on a variable remuneration scheme that is to be drafted and put in place in the future (**no variable remuneration was given out in 2022**).

Fixed remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, professional experience, the degree of seniority, the level of expertise and skills, accountability, and responsibility needed for an employee to perform each position/role. Fixed remuneration is also set in comparison with standard market practices employed by the other market participants/competitors.

The Remuneration that Employees receive for their professional activities at the Company is stipulated definitively in their employment contracts. The employment contract and any subsequent amendments must be in written form.

Remuneration of Outsourced Functions

The remuneration relating to outsourced functions such as Internal Audit, Finance, Accounting, Compliance, etc., is fixed and based on fixed fee contracts.

Remuneration Linked to Performance and Responsibility***Basic Principles***

The Company is adopting mechanisms in order to calculate remuneration, by taking into consideration the performance, educational level, experience, accountability, and responsibility needed for an employee to perform each position - role. The assessment of the mechanism adopted is based on long-term performance and the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the Company and its business risks.

The total amount of remuneration is based on a combination of the assessment of the performance of:

- The individual; and
- The business unit concerned; and
- The overall results of the Company.

The Company ensures that the assessment of performance is set in a multi-year framework in order to ensure that the assessment process is based on long-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the Company and its business risks.

Termination of employment

Regarding payments/ compensations due to early termination of an employment contract, the Company is taking into consideration the provisions of the ‘Termination of Employment Law 24/1967’ as it is amended from time to time. The Company ensures that payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure.

Avoiding Conflicts of Interest

The Company ensures that its remuneration system includes measures to avoid conflicts of interests. The Remuneration Committee will review if any conflicts of interests arise. When deciding on remuneration, the Company ensures that clients’ interests are not impaired by the remuneration policies and practices adopted. The remuneration must not create incentives that may lead employees to favor their own interest or Company’s interests against the interests of the client. For this reason, no variable remuneration is offered to the Company’s employees.

Outsourcing Arrangements

When outsourcing any of the provision of investment services to another firm, the Company should check and ensure, that the other firm’s remuneration policies and practices follow an approach consistent with this Policy. In the occasion of outsourcing (e.g. outsourcing of customer support function), the Company remains fully responsible for discharging all its obligations under the Law and the Directive. The relationship and obligations of the Company towards its clients is not altered in the case of outsourcing functions to another firm.

When entering into any commercial arrangement with a third party or an intra-group entity, the Company should identify, assess, manage, and disclose any conflict of interests arising from such an arrangement, including those arising as a result of the terms of the remuneration arrangements between the two parties.

Control Functions

The Company must ensure at all times that employees engaged in control functions:

- a) Are independent from the business units they oversee;
- b) Have appropriate authority; and
- c) Are remunerated: (i) adequately to attract qualified and experienced staff; and (ii) in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The Company's Risk Management and Compliance functions should have appropriate input into setting the remuneration policy for other business areas. The procedures for setting remuneration should allow Risk and Compliance functions to have significant input into the setting of individual remuneration awards where those functions have concerns about the behavior of the individuals concerned (e.g. sales function) or the riskiness of the business undertaken. Contravention of this may be relied on as tending to establish contravention of the rule on employees engaged in control functions having appropriate authority.

The Company must ensure that the remuneration of the senior officers in Compliance and Risk Management functions (where necessary) is directly overseen by the Board of Directors in its supervisory function and that:

- d) This remuneration requirement is designed to manage the conflicts of interest which might arise if other business areas had undue influence over the remuneration of employees within control functions. Conflicts of interest can easily arise when employees are involved in the determination of remuneration for their own business area. Where these could arise, they need to be managed by having in place independent roles for control functions including notably Risk Management and Compliance.
- e) The need to avoid undue influence is particularly important where employees from the control functions are embedded in other business areas. This remuneration requirement does not prevent the views of other business areas being sought as an appropriate part of the assessment process.

Compliance & Control

The Compliance Function shall be involved in the design process of the Remuneration Policy before it is applied to Relevant Persons.

The Company has set up adequate controls for compliance with this Policy and remuneration practices undertaken to ensure it delivers the intended outcomes. Such controls are implemented throughout the Company and are subject to periodic review. Controls include but are not limited to monitoring of calls and communication with clients.

In line with the record-keeping requirements provided in the Company's Internal Operations Manual, the Company shall ensure that its remuneration policies, practices and procedures are clearly documented.

The Policy is approved by the Company's Board of Directors, after taking advice from the Compliance Function, and is implemented by appropriate functions to promote good corporate governance practices.

The Board of Directors is responsible for the implementation of remuneration policies and practices and for preventing, dealing with and mitigating any relevant risks that Remuneration Policy and practices can create.

The Management is responsible to ensure that all persons remunerated by the Company have knowledge of and understand the Policy.

The table below provides information on the remuneration of Executive Directors, Senior Management and other staff whose activities have a material impact on the risk profile of the Company, broken down by fixed and variable remuneration.

Table 13: Remuneration split of staff whose activities have a material impact on the risk profile of the Company.

Annual Remuneration as at 31 December 2022				
Position	No. of Beneficiaries	Fixed Remuneration €	Variable Remuneration €	Aggregated Remuneration €
Executive Directors	1	112,000	-	112,000
Senior Management (excl. directors)	10	117,476	-	117,476
Non-Executive Directors	2	4,200	-	4,200
Total	13	233,676	0	233,676

The Variable Remuneration was zero for the year 2022.

The Article 32 of the IFD sets, among others, the conditions on variable remuneration paid to employees:

- at least 50% of the variable remuneration shall consist of shares/ share-linked instruments/ equivalent non-cash instruments that adequately reflect the credit quality of the IF as a going concern, or non-cash instruments which reflect the instruments of the portfolios managed;
- at least 40% of the variable remuneration is deferred over the three-to-five-year period.

Following the Article 32(4)(a) of the IFD, these points don't apply to the Company since the Company does not fall under the definition of 'significant CIF' (off-balance sheet assets is on average less than €100m over the preceding four-year period).

Moreover, according to Article 34(4) of IFD, Investment Firms are required to disclose the number of natural persons that are remunerated €1mln or more per financial year, in pay brackets of €1mln, including their job responsibilities, the business area involved and the main elements of salary, bonus, long-term award and pension contribution.

Nevertheless, currently there are no natural persons at the Company that are remunerated €1mln or more per financial year and as such the above disclosure is not applicable to the Company.

During the year there were no deferred remuneration, sign-on or severance payments.

The aggregate remuneration of the Company's personnel for the year ended 31st December 2022, broken down by business area, is presented in the following table:

Table 14: Remuneration split by business area

Annual Remuneration as at 31 December 2022			
Business Area	Fixed €	Variable €	Total €
Control functions*	112,000	-	112,000
Brokerage Department	47,000	-	47,000
Administration/Back Office Department Department	13,476	-	13,476
Compliance/AML Department	57,000	-	57,000
Total	229,476	0	229,476

*Control functions include the Executive Directors, Compliance Officer, Risk Manager and Money Laundering Compliance Officer

8. INVESTMENT POLICY

Investment Firms should disclose the following information in accordance with Article 46 of IFR:

- a) the proportion of voting rights attached to the shares held directly or indirectly by the investment firm, broken down by Member State and sector;
- b) a complete description of voting behaviour in the general meetings of companies the shares of which are held in accordance with paragraph 2 of Article 46, an explanation of the votes, and the ratio of proposals put forward by the administrative or management body of the company which the investment firm has approved; and
- c) an explanation of the use of proxy advisor firms;
- d) the voting guidelines regarding the companies, the shares of which are held in accordance with paragraph 2 of Article 46.

Investment Firms which meet the criteria of Paragraph 26(8)(a) of the Law, whose average on-and-off balance sheet assets over the 4 year period are less than €100m, are exempted from the disclosure requirement regarding investment policy.

The Company's average on and off-balance sheet assets for the preceding four-year period are less than €100m and as such it does not meet the criteria of the paragraph 26(8) of the Law. Therefore, the Company is exempted from the disclosure requirement regarding investment policy.

9. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

From 26 December 2022, investment firms shall disclose information on environmental, social and governance risks (ESG risks), including physical risks and transition risks, as defined in the EBA's report referred to in Article 35 of the IFD. The information on ESG shall be disclosed once in the first year and biannually thereafter.

Investment Firms which meet the criteria of Paragraph 26(8)(a) of the Law, and whose average on-and-off balance sheet assets over the 4-year period are less than €100m, are exempted from the disclosure of information on environmental, social and governance risks, including physical risks and transition risks as per Article 35 of IFD.

The Company's average on and off-balance sheet assets for the preceding four-year period are less than €100m and as such it does not meet the criteria of the paragraph 26(8) of the Law. Therefore, the Company is exempted from the disclosure requirement regarding ESG.

10. APPENDIX – SPECIFIC REFERENCE TO THE IFR

IFR Reference	High Level Summary	Section
<i>Scope of disclosure requirements</i>		
46 (1)	Requirement to publish market disclosures, on the date of publication of the annual financial statements.	1.3
46 (2)	Requirement to publish market disclosures for small and non-interconnected IFs	N/A
46 (3)	Requirement to publish market disclosures for IFs which do not longer meet the criteria of small and non-interconnected IF	N/A
46 (4)	Market disclosures to be published in an appropriate medium, or provide clear cross-references to other media.	1.4
<i>Risk management objectives and policies</i>		
47	Disclosure of the risk management objectives and policies for each separate category of risk set out in Parts Three, Four and Five of the 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	1.5 , 4 , 5
<i>Governance</i>		
48 (a)	Disclosure of the number of directorships held by members of the management body	2.3
48 (b)	The policy on 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	2.2 , 2.4
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	2.1.3
<i>Own Funds</i>		
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 IF;	3.3
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 IF	3.2
49 (1) (c)	Description of all restrictions applied to the calculation of own funds in accordance with the IFR and the instruments and deductions to which those restrictions apply	3.1
49 (2)	EBA shall develop implementation standards for points (a), (b), (c) above.	N/A
<i>Own Funds Requirements</i>		

50 (a)	Summary of IF's approach to assessing adequacy of its internal capital to support current and future activities.	4.4
50 (b)	Result of ICARA upon request of the competent authority.	6
50 (c)	K-factor requirements calculated in aggregate form for RtM, RtF, and RtC, based on the sum of the applicable K-factors	4.3
50 (d)	Fixed overheads requirement	4.2
Remuneration policy and practices		
51	Remuneration policy, including aspects related to gender neutrality and the gender pay gap, for those categories of staff whose professional activities have a material impact on the risk profile	7
51 (a)	Design characteristics of the remuneration system, including the level of variable remuneration and criteria for awarding variable remuneration, payout in instruments policy, deferral policy and vesting criteria	7
51 (b)	Ratios between fixed and variable remuneration	7
51 (c)	Aggregated quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the investment firm	7
51 (c)(i)	The amounts of remuneration awarded in the financial year, split into fixed and variable remuneration, and the number of beneficiaries	7
51 (c)(ii)	The amounts and forms of awarded variable remuneration	7
51 (c)(iii)	The amounts of deferred remuneration awarded for previous performance periods	N/A
51 (c)(iv)	The amount of deferred remuneration due to vest in the financial year	N/A
51 (c)(v)	The guaranteed variable remuneration awards during the financial year and the number of beneficiaries of those awards	N/A
51 (c)(vi)	The severance payments awarded in previous periods, that have been paid out during the financial year	N/A
51 (c)(vii)	The amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and the highest payment that has been awarded to a single person	N/A
51 (d)	Whether the IF benefits from a derogation laid down in Article 32(4) of the IFD	7
Investment policy		
52	Not applicable due to criteria referred to in point (a) of Article 32 (4) of the IFD	8
Environmental, social and governance risks		
53	Not applicable due to criteria referred to in point (a) of Article 32 (4) of the IFD	9