



PILLAR III DISCLOSURES

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

YEAR ENDED 31 DECEMBER 2021

May 2022

TABLE OF CONTENTS

1. Introduction	5
1.1 CIF Information	5
1.2 Classification and prudential requirements	6
1.3 Scope of application	7
1.4 Pillar III Regulatory framework	8
1.5 Risk management objectives and policies	9
1.5.1 Risk Management Framework	10
1.5.2 Risk Statement	10
1.5.3 Risk Culture	12
1.6. Declaration of the Management Body	13
2. Corporate Governance	14
2.1. Organisational Structure	14
2.1.1. Board of Directors	14
2.1.2. Risk Manager	16
2.1.3. Committees	16
2.1.4. Other Governance Functions	16
2.1.5. Responsibilities	17
2.2. Policy on Recruitment	20
2.3. Policy on Diversity	21
2.4. Information flow on risk to the management body	21
3. Own Funds	23
3.1. Tier 1 & Tier 2 Regulatory Capital	23
3.2. Main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments	23
3.3. Balance Sheet Reconciliation	24
4. Own funds Requirements	25
4.1. Initial Capital Requirement	25
4.2. Fixed Overheads requirement	25
4.3. K-Factors Requirement	26
4.3.1. Risk to Client	26
4.3.2. Risk to Market	30
4.3.3. Risk to Firm	34
4.3.4. K-Factors Requirement Results	37
4.4. Own Funds Composition & Capital Ratios	38
4.5. Reporting requirements	40
4.6. Concentration risk requirements	41

4.7. Liquidity Requirement	42
5. Other Risks	44
5.1. Operational Risk	44
5.2. Interest Rate Risk	45
5.3. Reputation Risk.....	45
5.4. Strategic Risk	46
5.5. Business Risk	46
5.6. Regulatory Risk.....	46
5.7. Legal and Compliance Risk	46
5.8. IT Risk.....	46
5.9. Conduct Risk.....	47
6. Internal Capital Adequacy and Risk Assessment Process	48
7. Remuneration policy	49

LIST OF TABLES

Table 1: Company License Information (based on the First Appendix of the Law 87(I)/2017)..	5
Table 2: Threshold Criteria.....	7
Table 3: Risk Appetite areas.....	12
Table 4: Number of Directorships of the members of the Board of Directors*.....	15
Table 5: Roles and Responsibilities.....	17
Table 6: Information flow on risk to management body.....	21
Table 7: Own Funds Composition as at 31 December 2021.....	23
Table 8: Main features of capital instruments.....	24
Table 9: Balance Sheet Reconciliation.....	24
Table 10: Deductible variable expenses from Fixed Overheads.....	25
Table 11: Fixed Overheads Requirement.....	26
Table 12: Total CMH (average amounts).....	28
Table 13: Total ASA (average amounts).....	28
Table 14: Total COH (average amounts).....	29
Table 15: K-NPR capital requirement.....	31
Table 16: Foreign Exchange Risk capital requirements.....	32
Table 17: Position risks in equities.....	33
Table 18: Position Risks in Traded Debt Instruments for EUR currency.....	33
Table 19: Position Risks in Traded Debt Instruments for USD currency.....	34
Table 20: Position Risks in Traded Debt Instruments for RUB currency.....	34
Table 21: K-TCD Exposures.....	35
Table 22: Total DTF (average amounts).....	37
Table 23: K-Factors Results.....	37
Table 24: Own Funds.....	39
Table 25: Large Exposure Limits.....	41
Table 26: Liquidity Requirements.....	42
Table 27: Remuneration analysis by Senior Management and key management personnel.....	50
Table 28: Aggregate remuneration analysis by business area.....	50

1. INTRODUCTION

1.1 CIF Information

Omega Funds Investment Ltd (the ‘Company’ or ‘Omega’ or ‘CIF’) was incorporated in the Republic of Cyprus as a private limited liability company with registration number HE 230096 and it is a Cyprus Investment Firm. The Company was licensed by the Cyprus Security and Exchange Commission (hereinafter, the ‘CySEC’) with CIF license No. 102/09 to provide financial services, on 06 August 2009.

The table below illustrates the current license 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
- Dealing on own account

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.

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. Money Market Instruments

3. Units in Collective Investment Undertakings
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash.
5. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event).
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of Part III and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls
8. Derivative instruments for the transfer of credit risk
9. Financial contracts for differences
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.

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 will fall entirely under the CRR.

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

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 permanent minimum capital requirement of the Company is **€750k** since it is authorized to provide the investment service of “*dealing on own account*”.

B. Fixed overhead requirements

The Fixed Overheads Requirement is calculated as one quarter (¼) of the previous year fixed expenses (based on audited figures).

C. K-Factors requirement

The new K-Factors are quantitative indicators that reflect the risk that the new prudential regime intends to address. Specifically, capital requirements from applying the K-factors formula (pursuant to Article 15 of the IFR) is the sum of Risk to Client (‘RtC’), Risk to Market (‘RtM’) and Risk to Firm (‘RtF’) proxies.

1.3 Scope of application

The Pillar III 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 Pillar III Regulatory framework

The Report has been prepared in accordance with the new regulatory regime for investment firms 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 small and non-interconnected 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 and minimum capital ratios, changes to the calculation of the capital requirements, the reporting requirements and the internal governance policies and the introduction of the K-Factors methodology and new measures relating to liquidity requirements, large exposures and consolidation requirements.

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

- **Pillar I** - Covers minimum capital and liquidity requirements.
- **Pillar II** – 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’.
- **Pillar III** - 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, which details its approach in complying fully with the Pillar 3 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 Pillar III disclosures are published on the Company's website:

- www.omegainvest.com.cy

Verification

The Company's Pillar III disclosures are subject to internal review and validation prior to being submitted to the Board for approval. The Company's Pillar III 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. 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 and for devising the suite of policies necessary to control the business including the overarching framework and for independently monitoring the risk profile, 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 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:

- The adequate risk identification and management
- The establishment of the necessary policies and procedures
- The setting and monitoring of the 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, procedures and work 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 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, strategic risk, liquidity risk, conduct risk etc. The Company, through its operations, has significant exposure to the economies and financial markets.

As regards the management of the risks arising from the COVID-19 outbreak, the Company is following the local government guidelines in its response to the virus, testing its business continuity and disaster recovery plan and supporting the work from home principle whenever it is possible. During the year 2021, the Company concentrated its efforts on monitoring and assessing the impact of COVID-19 as well as ensuring business continuity. In this respect, it has taken the required measures to ensure that its employees have access to its technology infrastructures necessary for the completion of their tasks and that additional systems for critical functions are being provided.

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 risk 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 the 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 in respect to investing and to 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.

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 in respect to investing and to 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	≥€2,900k	<€2,900k	€2,426k
Common Equity Tier 1 Ratio ⁴	>100%	<75%	56%
AT1 Capital Ratio	>125%	<100%	75%
Liquid Assets	≥€265k	<€265k	€223k
Total Capital Ratio ⁴	>150%	<125%	100%
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 1.50% 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 behaviour is a key component of the strong risk culture and its importance is also continuously emphasised 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 advice.

1.6. Declaration of the Management Body

The Management Body 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.

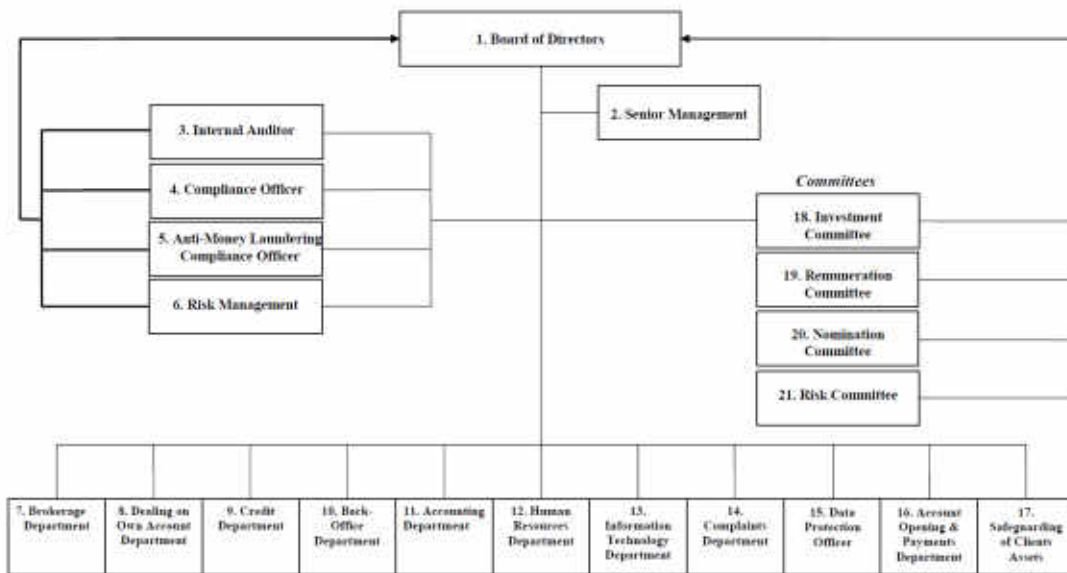
The Company's risk management framework is designed to identify, assess, mitigate and monitor all sources of risk that could have a material impact on the Company's operations. The Board considers that it has in place adequate systems and controls with regards to the Company's size, risk profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, to avoid or minimise loss.

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 conflicts of interest situations within the Company. The Company has in place the Internal Operations Manual which lays down the activities, processes, duties and responsibilities of the Board, 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 that level of risk tolerance, where applicable.

2.1.1. Board of Directors

The management body 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 Company has in place the Internal Operations Manual which lays down the activities, processes, duties and responsibilities of the Board, Committees, Senior Management and staff of the Company. It also 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 that level of risk tolerance, where applicable. 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. The Board comprises of three executive directors and two non-executive directors.

2.1.1.1. Number of Directorships held by members of the Board

All members of the Board 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 shall not hold more than one of the following combinations of directorships at the same time, since the Company falls within the definition of significant CIF:

- one executive directorship with two non-executive directorships;
- four non-executive directorships.

Furthermore, directorships in organisations which do not pursue predominantly commercial objectives such as non-profit or charitable organisations shall not count for the purposes of the above guidelines. The table below discloses the number of directorships held by members of the management body in entities of the Company as at 31 December 2021:

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

Director	Function	Number of Executive Directorships	Number of Non-Executive Directorships
Mr. Valery Zyukin**	Executive Director	1	-
Mr. Pavel Vashchenko	Executive Director	1	-
Mr. Konstantin Kalyagin***	Executive Director	1	-
Mrs. Irina Borovina	Non-Executive Director	-	1
Mrs. Ioanna Solomou	Non-Executive Director	1	1

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

**Appointed on 01 September 2021 in replacement of Mr. Andrey Shvachko

***Appointed on 22 December 2021 in replacement of Mr. Roman Levshin

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

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.

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 overall responsibility.

The Company has established *Investment Committee* in order to ensure the effectiveness of the investment policies and procedures.

Based on the previous regulatory framework and pursuant to Circular C228, the Company has assessed that it meets the threshold criteria to be considered as "Significant CIF". "Therefore, the Company proceeded with the establishment of Risk Management Committee, Remuneration Committee and Nomination Committee following the Company's classification as a "Significant CIF". Following the implementation of the new regulatory framework, the Company still meets the definition of 'significant CIF' (as per Circular C487) and it should keep its Risk Management, Remuneration and Nomination Committees, while it ensures that the said committees remain active and conduct meetings, at least annually, throughout the year".

Investment Committee

An Investment Committee has been formed to ensure the implementation of a prudent investment policy and the monitoring of the provision of adequate investment services to Clients.

The Investment Committee decisions shall relate to general and overall decisions as far as the investments are concerned which correspond to the Client's risk profile categories or the Company's risk profile, as applicable. These general and overall decisions relate to various sectors of the economy across multiple regions and countries, general macroeconomic indicators, types of Financial Instruments, types of financial markets and market segments. Further, these decisions are notified to the relevant Heads of the Departments of the Company, as necessary, to enable discharging of their duties in an effective manner. As far as investments are concerned and when related to specific investment strategies, these decisions are of a prescribed content.

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 Internal Auditor 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 relevant information. The staff within the compliance function possesses sufficient knowledge, skills and experience in relation to compliance and relevant procedures and has access to regular training.

Anti-Money Laundering Compliance Officer

The Board retains a person to 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 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.

2.1.5. Responsibilities

Table 5: Roles and Responsibilities

Role	Responsibilities
<p>Risk Manager</p>	<ul style="list-style-type: none"> • 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 Management Body including recommendations. • Monitor Client and counterparty limits

	<ul style="list-style-type: none"> • 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 • Fulfil the disclosure requirements under part six of IFR based on the categorization of the Company
<p>Investment Committee</p>	<ul style="list-style-type: none"> • decide upon the markets and types of Financial Instruments in which the Company shall be active • supervise the proper choice and implementation of investments (framework for investment decisions) • determine the mode, content and frequency of the Clients' briefing; • brief the Internal Auditor, as applicable • analyse the economic conditions and the investment alternatives based on a thorough examination of third party reports • annually review the established dealing on own account policy and to use the recommendations of the Head of the Dealing on Own Account Department. Such a review shall also be carried out whenever a material change occurs • scrutinize, and decide on various risks associated with the operation of the Company with the view to increase the awareness of, formulate internal policies and measure the performance of the said policies in dealing with the risks associated with the operation of the Company • ensure that the Company has clear policy in respect of the assumption, follow up and management of risks duly notified to all interested parties or organizational units of the Company. Specifically, such policy shall ensure that all parties involved in the provision of investment services are aware of: <ul style="list-style-type: none"> - the particular features of each investment service, Financial Instrument, and risk inherent in the provision of the services in respect thereof - the interrelation between the volume of the projected returns and the gravity of the risks undertaken by the Company • specifically, with respect to liquidity risk and market risk, review the policies of the Company on: <ul style="list-style-type: none"> - acceptable maximum risk assumption limits per class of risk - break down of such risk limits further where necessary, for example, per class of investment service or Financial Instrument, or Client or market - implementing stop loss-control limits - following up open positions within the approved limits • prior to expanding its operations to any new financial instruments or investment services, the Committee shall be satisfied that the Company incorporated such expansion projects into its strategic development plan, located and accurately assessed the inherent risks, by implementing the necessary risk management procedures, and resolving any legal issues

	<p>associated with the execution of the relevant transactions as well as the issues relating to their monitoring</p> <ul style="list-style-type: none"> • ensure the immediate tracking down and scrutiny of important abrupt changes in the Company’s financial figures, procedures or personnel, as well as the regular control of the volume and causes underlying deviations between projections and corporate end results, as submitted to the Board of Directors, so as to enable the assessment of the performance of each of the Company’s separate organizational units by reference to the set targets • approve Client and counterparty limits, as needed • monitor the policies
<p>Compliance Function</p>	<ul style="list-style-type: none"> • Ensuring compliance with laws, regulations and directives issued by CySEC • Ensuring implementation of the procedures described in the Company’s Procedure manual • Ensuring implementation of the Code of Conduct; • Ensuring that employees of the Company attend training sessions on compliance with applicable laws, rules and regulations • Ensuring that the Company complies with its continuous obligations to CySEC (e.g. submission of Capital Adequacy Forms, notifications to CySEC regarding changes in the Company’s structure, services, personnel, etc); • Ensuring the implementation of the “know your client” procedures of the Company and monitoring the Account Opening & Payments Department and AMLCO, ensuring the relevant procedures are followed • Reporting to Senior Management, at least annually, on compliance issues indicating in particular whether appropriate remedial measures have been taken in the event of any deficiencies identified • Advise and assist the relevant persons responsible for carrying out investment services and activities to comply with the Company’s obligations under the Law and the Directives • Ensuring compliance with laws, regulations and directives issued by CySEC • Ensuring implementation of the procedures described in the Company’s Procedure manual
<p>Internal Audit</p>	<ul style="list-style-type: none"> • Establish, implement and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the Company’s systems, internal control mechanisms and arrangements • Provide timely, accurate and relevant reporting in relation to internal audit matters to the Board of Directors and the Senior Management of the Company, at least annually • Provide the Company with an Independent confirmation that the process followed by the Company is according to the Board’s requirements • Provide the Company with an Independent review of the risk assessment, stress testing and capital allocation exercises performed, and shall confirm their compliance with the policies and procedures approved by the Board of the Company • Perform an Independent validation of all numbers included in the ICARA Report and shall confirm their agreement with the financial records

<p>AMLCO</p>	<ul style="list-style-type: none"> • Ensuring implementation of the Anti-Money Laundering Policy • Investigating and monitoring suspicious transactions • Investigating information from Company’s employees on suspicious transactions and report to relevant authorities if applicable • Designing the internal practice, measures, procedures and controls relevant to the prevention of money laundering and terrorist financing based on the general policy principles, as well as describing and explicitly allocating appropriately the limits of responsibility of each department that is involved in the abovementioned. Also, monitoring and assessing the correct and effective implementation of the above mentioned procedures • Developing and establishing the customers’ acceptance policy • Preparing a risk management and procedures manual regarding money laundering and terrorist financing • Providing advice and guidance to the employees of the Company on subjects related to money laundering and terrorist financing • Determining Omega’s departments and employees that need further training and education for the purpose of preventing money laundering and terrorist financing and organising appropriate training sessions/seminars. In that regard, preparing and applying an annual staff training program and assessing the adequacy of the education and training provided • Preparing correctly and timely submitting to the Commission the monthly prevention statement • Preparing the annual report in relation to the prevention of money laundering and terrorist financing and submitting it for approval to the board of directors • Responding to all requests and queries from MOKAS and the Commission, providing all requested information and fully cooperating with MOKAS and the Commission
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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.

2.3. Policy on Diversity

The Company is committed to promote 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 members' appointments.

2.4. Information flow on risk to the management body

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 6: Information flow on risk to management body

	Report Name	Owner of 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	Pillar 3 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 144-14-11 'Prudential	Risk Manager	Senior Management, Board, CySEC	Annually

	Supervision Information ⁷			
11	Form 20-01 (Recovery Plan)*	Risk Manager	Senior Management, Board, CySEC	Every Two Years
12	Resolution Templates (XBRL)	Risk Manager	Senior Management, Board, Resolution Authority (CBC)	Annually

**CIF which are subject to simplified obligations for the purpose of preparing their recovery plans according to Directive DI20-01*

Furthermore, the Company believes that the risk governance processes and policies are of at most importance for its effective and efficient operation. 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) is 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 Capital 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.

3.1. Tier 1 & Tier 2 Regulatory Capital

Institutions shall disclose information relating to their own funds. Furthermore, institutions shall disclose a description of the main features of the Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1) instruments and Tier 2 (T2) instruments issued by the institution. The Company's regulatory capital comprises fully of CET1 capital while it has not issued any AT1 or T2 capital. The composition of the capital base and capital ratios of the Company are shown in the following table:

Table 7: Own Funds Composition as at 31 December 2021

Own Funds Composition	€000
CET1 capital before regulatory adjustments	
Capital instruments and the related share premium accounts	1,000
Other Reserves	(31)
Retained earnings	15,722
Additional deductions of CET1 Capital (ICF Contribution) *	(98)
CET1 capital	16,592
AT1 capital	-
Tier 1 capital (T1 = CET1 + AT1)	16,592
Tier 2 (T2) capital	-
Total capital	16,592

* 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 Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments

In order to meet the requirements for disclosure of the main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments, the Company discloses the capital instruments' main features as outlined below:

Table 8: Main features of capital instruments

Capital Instruments Main Feature	CET1	
Issuer	Omega Funds Investment Ltd	
Regulatory Treatment		
Eligible at Solo/(sub-)consolidated/solo	Solo	
Instrument type	Common Equity	
Amount recognized in regulatory capital	€1,000k	
Nominal amount of instrument	€1,000k	
Issue Price	€1	
Accounting classification	Shareholders' Equity	
Original date of issuance	<i>Share capital increase</i>	<i>Date</i>
	€580k	22/02/2012
	€420k	08/11/2013
Perpetual or dated	Perpetual	
Original maturity date	No maturity	
Issuer call subject to prior supervisory approval	No	
Coupons / Dividends		
Fixed or floating dividend/coupon	Floating	
Coupon rate and any related index	N/A	

3.3. Balance Sheet Reconciliation

Institutions shall disclose a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions and the balance sheet in the audited financial statements of the institution as follows:

Table 9: Balance Sheet Reconciliation

Equity	€000
Share capital	1,000
Other Reserves	(31)
Retained earnings	15,722
Total Equity as per Audited Financial Statements	16,691
Common Equity Tier 1 (CET1) capital: regulatory adjustments	
Additional deductions of CET1 Capital	(98)
Total Own funds	16,592

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.

4.2. 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) and which is not permitted to hold client money or securities belonging to its clients, the initial capital shall be €75k. For all other CIFs, the initial capital shall be €150k.

Therefore, since the Company is authorised to provide the investment service of dealing on own account, its initial capital is €750k.

4.3. 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 and in accordance with RTS issued by EBA, the following variable expenses can be excluded from the calculation of the fixed overheads:

Table 10: Deductible variable expenses from Fixed Overheads

No.	Details
1.	Staff bonuses and other remuneration, to the extent that they depend on the net profit of the investment firm in the respective year
2.	Employees', directors' and partners' shares in profits
3	Other appropriations of profits and other variable remuneration, to the extent that they are fully discretionary
4.	Shared commission and fees payable which are directly related to commission and fees receivable, which are included within total revenue, and where the payment of the commission and fees payable is contingent on the actual receipt of the commission and fees receivable
5.	Fees to tied agents
6.	Non-recurring expenses from non-ordinary activities
7.	Fees, brokerage and other charges paid to central counterparties, exchanges and other trading venues and intermediate brokers for the purposes of executing, registering or clearing transactions, only where they are directly passed on and charged to customers
8.	Interest paid to customers on client money, where there is no obligation of any kind to pay such interest

9.	Expenditures from taxes where they fall due in relation to the annual profits of the investment firm
10.	Losses from trading on own account in financial instruments
11.	Payments related to contract-based profit and loss transfer agreements according to which the investment firm is obliged to transfer, following the preparation of its annual financial statements, its annual result to the parent undertaking
12.	Payments into a fund for general banking risk in accordance with Article 26(1)(f) of Regulation (EU) 2013/575
13.	Expenses related to items that have already been deducted from own funds in accordance with Article 36(1) of Regulation (EU) 2013/575

Further to the above, the Company's fixed overheads requirement based on the latest audited financial statements is €669k as per the table below:

Table 11: Fixed Overheads Requirement

Item	€'000
Total Expenses	2,848
Variable Expenses	(172)
Annual Fixed Overheads	2,675
Fixed Overheads requirement	669

4.4. K-Factors Requirement

The K-factor capital requirements are essentially a mixture of activity- and exposure-based requirements. K-factors applies 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').

Further to the above and since the Company is Class 2 IF which is authorized to provide the investment service of *Dealing on Own Account*, all RtC, RtM and RtF proxies are applicable for the Company.

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), if any, 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-AUM: Assets Under Management

K-AUM captures the risk of harm to clients from an incorrect discretionary management of client portfolios or poor execution and provides reassurance and client benefits in terms of the continuity of service of ongoing portfolio management and investment advice.

AUM is the value of assets an IF manages for its clients under both discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature.

Calculation

AUM shall be the rolling average of the value of the total monthly assets under management, measured on the last business day of each of the previous 15 months, excluding the 3 most recent monthly values.

AUM=average of the 12 months

K-AUM = AUM*0.02%

The AUM k-factor is not applicable for the Company since it does not provide the investment services of portfolio management or investment advice.

4.3.1.2. 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 segregated or non-segregated 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.

CMH = average of the 6 months

- *For segregated accounts:* K-CMH = CMH*0.4%
- *For non- segregated accounts:* K-CMH = CMH*0.5%

The table below shows the Total CMH values in segregated accounts and non-segregated accounts for the 4th quarter of 2021 in accordance with the Article 18(1) of IFR:

Table 12: Total CMH (average amounts)

	Factor amount		
	December 2021 €'000	November 2021 €'000	October 2021 €'000
CMH - Segregated (average amounts)	15,533	17,942	21,420
CMH - Non-segregated (average amounts)	-	-	-

4.3.1.3. 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 – 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.

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.

ASA=average of the 6 months

K-ASA = ASA*0.04%

The table below shows the Total ASA values as an arithmetic mean for the 4th quarter of 2021 in accordance with the Article 19(1) of IFR:

Table 13: Total ASA (average amounts)

	Factor amount		
	December 2021 €'000	November 2021 €'000	October 2021 €'000
Total ASA (average amounts)	386,381	370,709	351,807

4.3.1.4. 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.

COH= sum of [ABS(Buys) + Abs (Sells)] for both cash trades and derivatives

➤ For Cash Trades

- The value is the amount paid or received on each trade
- COH=average of the 3 months
- $K\text{-COH} = \text{COH} \times 0.1\%$

➤ For Derivative Trades

- The value is the notional amount of the contract
- COH=average of the 3 months
- $K\text{-COH} = \text{COH} \times 0.01\%$

The table below shows the arithmetic mean amount of COH in cash trades and derivatives for the 4th quarter of 2021, in accordance with the Article 20(1) of IFR:

Table 14: Total COH (average amounts)

	Factor amount		
	December 2021 €'000	November 2021 €'000	October 2021 €'000
COH - Cash trades (average amounts)	70,586	81,414	88,090
Of which: Execution of client orders	19,563	37,983	44,811
Of which: Reception and transmission of client orders	63,521	67,806	92,495
COH - Derivative (average amounts)	59,653	59,491	58,779
Of which: Execution of client orders	58,895	59,081	58,343
Of which: Reception and transmission of client orders	4,729	3,966	3,845

The below figure illustrates the average amount of the RfC K-Factors for the year 2021.

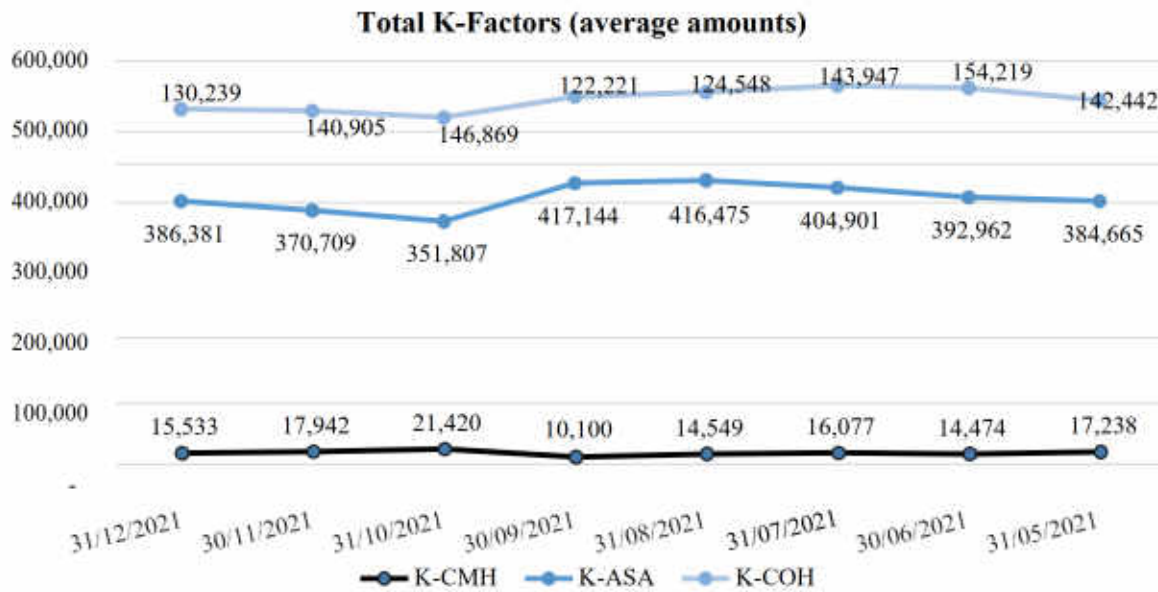


Figure 1: K-Factors (Average Amounts)

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 market risk resulting from exposure to:

- FX Risk;
- Equity Risk
- Traded Debt Instrument Risk

As at 31 December 2021, the K-NPR capital requirements amounted to €2,075k, as shown in the table below:

Table 15: K-NPR capital requirement

K-NPR	€'000
Foreign Exchange Risk	1,097
Equity Risk	55
Traded Debt Instrument Risk	923
K-NPR	2,075

The graph below illustrates the breakdown of the Company's K-NPR as at 31 December 2021.

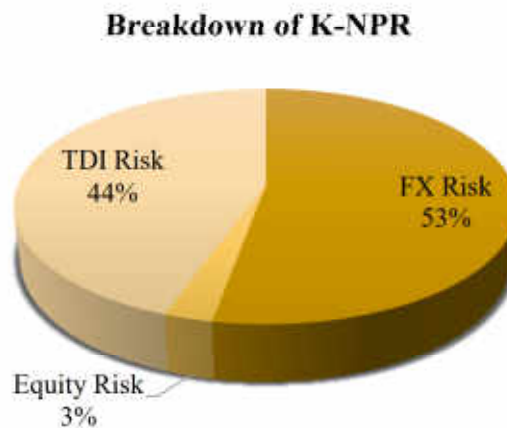


Figure 2: Breakdown of Company's K-NPR

Foreign Exchange Risk

Foreign exchange risk is the effect that unanticipated exchange rate changes 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 €1,097k emanating from a net foreign exchange exposure of €13,710k based on the latest relevant calculations of the Company's capital requirements, as at 31st of December 2021.

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.

Closely Correlated Currencies

Following the EBA's Final draft Implementing Technical Standards on Closely Correlated Currencies under Article 354 (3) of CRR, the Company may apply lower own funds requirements against positions in relevant closely correlated currencies as these are disclosed by EBA. In this respect, for the calculation of the foreign exchange risk for matched positions on closely correlated currencies, a capital requirement of 4% instead of 8% is used.

The Company's matched positions in closely correlated currencies for the period up to 31 December 2021 was zero. In this respect, please find below the analysis of the Company's exposure to Foreign Exchange Risk as at 31 December 2021:

Table 16: Foreign Exchange Risk capital requirements

	Net Positions		2% total own funds	Positions Subject To Capital Charge			OFR
	Long	Short		Long	Short	Matched	
TOTAL POSITIONS	17,118	524	332	29,298	-	-	1,097
Currencies closely correlated	12,180	-		12,180	-	-	-
of which: reporting currency	3,408	-		3,408	-		
All other currencies	4,938	524		13,710	-		1,097
Gold	-	-		-	-		-

Position Risk

Position Risk is the risk involved with a certain trading position, commonly incurred due to the changes in price of the debt and equity instruments. The Company calculates its capital requirements for position risk as the sum of the own funds requirements for the general and specific risk of its positions in debt and equity instruments.

Equities

Equity Risk is the risk that the fair value of a financial instrument fluctuates as a result of changes in market prices other than due to the effect of transactional foreign currency exposures or interest rate risks.

The sum of the absolute values of all of the Company's net long positions and all its net short positions is its overall gross position. The Company calculates, separately for each market, the difference between the sum of the net long and the net short positions. The sum of the absolute values of those differences is its overall net position. The specific risk on this individual equity can be ignored if the stock-index future in question is exchange traded and represents a relevant appropriately diversified index.

The Company multiplies its overall gross position by 8% in order to calculate its own funds requirement against specific risk. The own funds requirement against general risk are the Company's overall net position multiplied by 8%.

As at 31 December 2021, the market risk capital requirements, due to position risk in equities amounted to **€55k**.

Table 17: Position risks in equities

	Total Exposure €000	Capital Requirements €000
General Risk	344	27
Specific Risk	344	27
Total	688	55

Traded Debt Instruments

Position Risks in Traded Debt Instruments arising from the investments on Fixed Income instruments such as bonds. The position risk on a traded debt instrument shall be divided into two components in order to calculate the capital required against it:

- a. Specific risk— this is the risk of a price change in the instrument concerned due to factors related to its issuer; and
- b. General risk — this is the risk of a price change in the instrument due to a change in the level of interest rates.

Net positions shall be classified according to the currency in which they are denominated and shall calculate the capital requirement for general and specific risk in each individual currency separately. The capital requirement for general market risk for traded debt instruments is calculated under the maturity-based approach. The instruments' net positions shall be grouped into the three zones (maturity bands) according to the residual time to maturity and whether their coupon is above/below 3%. The Company's trading book exposure is presented in the table below.

As at 31 December 2021, the market risk capital requirements, due to position risk in traded debt instruments, amounted to **€923k**.

Table 18: Position Risks in Traded Debt Instruments for EUR currency

Currency: EUR	Net Positions	Weighting factor	Positions subject to capital charge	Own Funds Requirements
	€000	%	€000	€000
TDI in Trading Book				297
General Risk - Maturity based approach				
Zone 2	1,381	1.75%	24	90
	210	2.25%	4	
Zone 3	1,072	2.75%	18	
	987	3.25%	32	
Specific Risk				
Debt securities	2,578	8%	206	206

Table 19: Position Risks in Traded Debt Instruments for USD currency

Currency: USD	Net Positions	Weighting factor	Positions subject to capital charge	Own Funds Requirements
	€000	%	€000	€000
TDI in Trading Book				542
General Risk - Maturity based approach				
Zone 1	1,345	0.20%	2	99
	904	0.70%	6	
Zone 2	1,388	1.25%	17	
	268	2.25%	6	
Zone 3	879	2.75%	24	
	821	3.25%	27	
	429	3.75%	16	
Specific Risk				
Debt securities	5,528	8%	44	442

Table 20: Position Risks in Traded Debt Instruments for RUB currency

Currency: RUB	Net Positions	Weighting factor	Positions subject to capital charge	Own Funds Requirements
	€000	%	€000	€000
TDI in Trading Book				85
General Risk - Maturity based approach				
Zone 1	251	0.20%	1	16
Zone 2	841	2.25%	19	
Specific Risk				
Debt securities	818	8%	65	65

4.3.3. Risk to Firm

The Risk to Firm captures the risk that could be inflicted on the Company. The K-factors under RtF capture an investment firm's exposure to their trading counterparties, the concentration risk in an investment firm's large exposures and the operational risk from an investment firm's daily trading flow:

K-factors for K-TCD and K-CON under RtF constitute a simplified application of the rules laid down in the CRR on counterparty credit risk and large exposure risk, respectively.

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

4.3.3.1. K-TCD: Trading Counterparty Default

K-TCD captures the risk to an investment firm by counterparties to over-the-counter (OTC) derivatives, repurchase transactions, securities and commodities lending or borrowing transactions, long settlement transactions, margin lending transactions, or any other securities financing transactions, as well as by recipients of loans granted by the investment firm on an ancillary basis as part of an investment service that fails to fulfil their obligations, by multiplying

the value of the exposures, based on replacement cost and an add-on for potential future exposure, accounting for the mitigating effects of effective netting and the exchange of collateral.

Calculation

Calculation based on CRR counterparty credit risk refers to exposure value, credit valuation, replacement cost, potential future exposure and collateral. The following formulas describe the calculation of the capital requirement for K-TCD:

$$K-TCD = a \times EV \times Rf \times CVA$$

Where:

- $a = 1.2$
- EV = Exposure value calculated in accordance Article 27 of IFR
- Rf = the risk factor applicable to the counterparty type as set out in the table 2 in Article 26
- CVA = the credit valuation adjustment calculated in accordance with Article 32 of IFR.

Table 21: K-TCD Exposures

Type of contract	Exposure (before collateral)	Collateral	Final Exposure Amount	Capital Requirements
	€'000	€'000	€'000	€'000
Forex	1,290	-	1,290	37
Repurchase Agreements	300	252	47	5
Total	1,590	252	1337	42

4.3.3.2. K-CON: Concentration Risk on Large Exposures

K-CON captures concentration risk in relation to individual or highly connected private sector counterparties with whom firms have exposures above 25 % of their own funds, or specific alternative thresholds in relation to credit institutions or other investment firms, by imposing a capital add-on in line with CRR for excess exposures above those limits.

All IFs should monitor and control their concentration risk. However only Investment Firms which are subject to a minimum own funds requirement under the K-Factors should report the concentration risk.

Limits

Where the client is a credit institution or an investment firm, the limit to concentration will be the higher of 25% of the investment firm's capital or €150m. If the amount of €150m is higher than 25% of the firm's own funds, the limit to concentration should not exceed 100% of the firm's capital.

Where the client is not credit institution or investment firm, the limit to concentration risk remains at 25% of the investment firm's own funds.

Calculation

Where a firm exceeds these limits, it will be required to hold additional own fund requirement based on the excess over the limit multiplied by a factor between 200% and 900%, depending on the size of the excess as per Table 6 of Article 39 of IFR.

Further to the above, Own Funds requirement of the excess shall be calculated in accordance with the following formula:

$$OFRE = \frac{OFR}{EV} * EVE$$

Where:

- *OFRE = own funds requirement for the excess;*
- *OFR = own funds requirement of exposures to an individual client or groups of connected clients, calculated by adding together the own funds requirements of the exposures to the individual clients within the group, which shall be treated as a single exposure;*
- *EV = exposure value calculated in TCD and NPR K-factors;*
- *EVE = exposure value excess calculated as Exposure Value minus Limit*

The K-CON own funds requirement shall be the aggregate amount of the own fund requirement calculated for each client or group of connected clients.

As at 31 December 2021 the Company's trading book exposures were below the limits and as such K-CON is zero.

4.3.3.3.K-DTF: Daily Trading Flow

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

DTF means the daily value of transactions that an investment firm enters through dealing on own account or the execution of orders on behalf of clients in its own name, excluding the value of orders that an investment firm handles for clients which are already taken into account in the scope of client orders handled.

Calculation

DTF shall be the rolling average of the value of the total daily trading flow, measured throughout each business day for the previous 9 months, excluding 3 recent months.

DTF= sum of [ABS(Buys) + Abs (Sells)] *for both cash trades and derivatives*

➤ For Cash Trades

- The value is the amount paid or received on each trade
- DTF =average of the 6 months

- $K\text{-DTF} = \text{DTF} \times 0.1\%$

➤ *For Derivative Trades*

- The value is the notional amount of the contract
- DTF = average of the 6 months
- $K\text{-DTF} = \text{DTF} \times 0.01\%$

The table below shows the arithmetic mean amount of DTF in cash trades and derivatives for the 4th quarter of 2021, in accordance with the Article 20(1) of IFR:

Table 22: Total DTF (average amounts)

	Factor amount		
	December 2021 €'000	November 2021 €'000	October 2021 €'000
DTF - Cash trades (average amounts)	427	462	462
DTF - Derivative (average amounts)	153,691	171,790	212,360

4.3.4. K-Factors Requirement Results

As at 31 December 2021, the Company's K-Factors Requirement is €2,426k as shown in the table below:

Table 23: K-Factors Results

Item	Factor Amount €'000	K-Factor Requirement €'000
TOTAL K-FACTOR REQUIREMENT		2,426
Risk To clients		293
<i>K-AUM</i>	-	-
<i>K-CMH (Segregated)</i>	15,533	62
<i>K-CMH (non-Segregated)</i>	-	-
<i>K-ASA</i>	386,381	155
<i>K-COH (Cash Trades)</i>	70,586	71
<i>K-COH (Derivative Trades)</i>	59,653	6
Risk to Market		2,075
<i>K-NPR</i>		2,075
<i>K-CMG</i>	-	-
Risk to Firm		57
<i>K-TCD</i>		42
<i>K-DTF (Cash Trades)</i>	427	0
<i>K-DTF (Derivative Trades)</i>	153,691	15
<i>K-CON</i>		-

The below figure illustrates the breakdown of the K-Factors requirement.

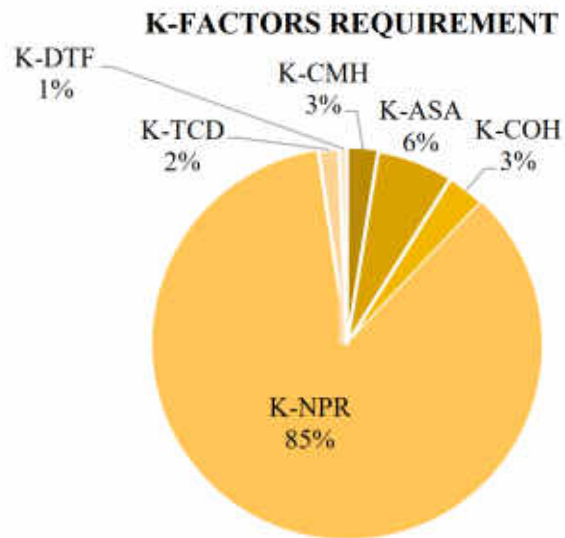


Figure 3: K-Factors Requirement

4.4. Own Funds Composition & Capital Ratios

According to the 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 2021, were the following:

Table 24: Own Funds

OWN FUNDS COMPOSITION	€'000
Share Capital	1,000
Other Reserves	(31)
Retained Earnings	14,815
Profit of the Year	906
Investors Compensation Fund	(98)
CET 1 Capital	16,592
Additional Tier 1	-
T1 Capital	16,592
Tier 2 Capital	-
Own Funds	16,592
OWN FUNDS REQUIREMENTS	€'000
Initial Capital	750
Fixed Overheads Requirement	669
K-Factors Requirement	2,426
Own funds Requirement	2,426
CAPITAL RATIOS	€'000
CET 1 (min. 56%)	684.04%
Surplus of CET 1 Capital	15,234
T1 (min. 75%)	684.04%
Surplus of Tier 1 Capital	14,773
Total (min. 100%)	684.04%
Surplus of Total Capital	14,167

As per the above results, the Company as at 31 December 2021 maintains adequate own funds to cover its capital requirements.

However, 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.

The figure below illustrates the Own Funds Composition and the respective Own Funds Requirements of the Company as at 31 December 2021:

OWN FUNDS REQUIREMENT AS AT 31 DECEMBER 2021
€'000

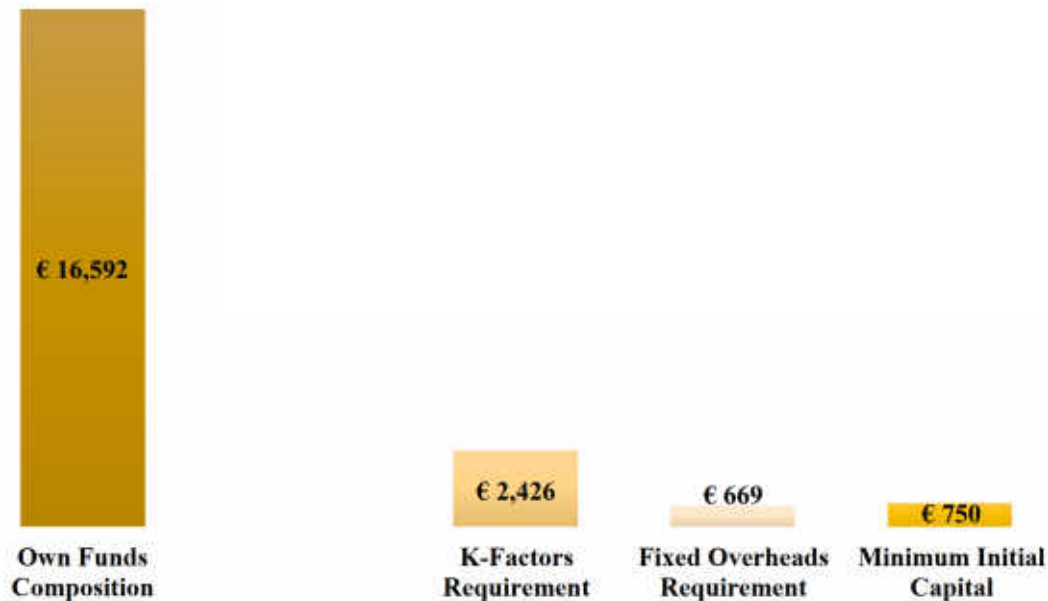


Figure 4: Own Funds Requirement as at 31 December 2021

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) and revenue breakdown by investment service and applicable K-factor
- f) Concentration risk
- g) Liquidity requirements

The above information shall be reported to CySEC using the Form165-01 “Reporting for Class 2” on a quarterly basis.

The Senior Management as well as the Risk Manager monitored such reporting 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.

During the year under review, the Company’s own funds never dropped below its own funds requirement and 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.

The CIFs that are categorized as Class 2 IFs should continue to monitor and control their concentration risk with regards to their trading book exposures to a client or a group of connected clients in accordance with Part four of IFR.

In particular, CIFs shall monitor and control their concentration risk so as not to exceed the following limits as per Article 37 of IFR.

Table 25: Large Exposure Limits

Type	Limit
Institution	Min {up to 100% of eligible capital, Max (25% of eligible capital, €150m)}
Non-institution	25% of eligible capital

Where any trading book exposure exceeds the limits mentioned above, a CIF shall calculate additional capital requirement as part of the K-CON requirement.

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:

- exposures in a trading book
- 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 is reporting to CySEC on a quarterly basis the level of concentration risk with respect to the credit institutions, investment firms and other entities where clients' 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 shall report the top five clients from whom the largest amounts of Company's earnings are derived, the top five, if available, largest trading book exposures and largest exposures not recorded in the trading book.

Further to the above and as regards the level of concentration with respect to client's money held, the clients' funds were well diversified within institutions as per the provisions of Paragraph 6(2) of Directive DI87-01, and Circulars C418 and C458.

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.

Finally, the Company will further assess its exposure to concentration risk from its ongoing activities as part of the ICARA process.

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 26: Liquidity Requirements

Item	€'000
Liquid Assets	1,244
Total	1,244
Requirement (1/3 of Fixed Overheads Requirement)	223
Surplus	1,021

Further to the above, the Company maintains adequate liquid assets to cover the one third fixed overheads requirement. However, the Company should monitor the above in order to ensure compliance at all times.

The below figure illustrates the liquid assets from all the EEA Credit Institutions the Company held their money and the minimum liquidity requirement that the Company needs to store in an emergency period.

**LIQUIDITY REQUIREMENT AS AT 31
DECEMBER 2021 €'000**

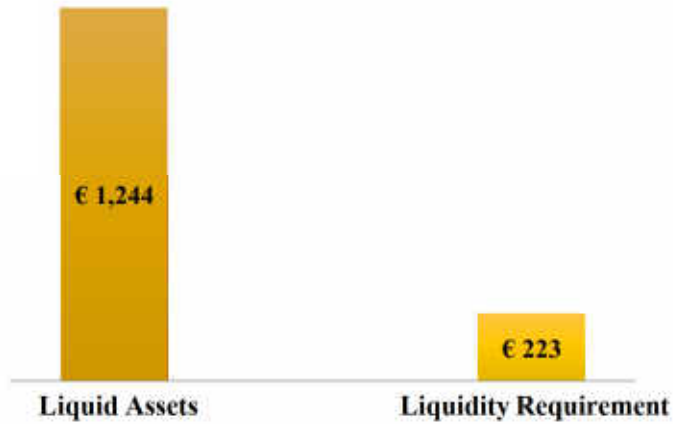


Figure 5: Liquidity Requirement as at 31 December 2021

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; and
- 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;
- Regular review and updating of the Company's policies;

Following the outbreak of COVID-19 in Cyprus, the Company has taken the required measures to ensure that its employees have access to its technology infrastructures necessary for the completion of their tasks and that additional systems for critical functions are being provided. In this respect, the Business Continuity Plan has been amended accordingly.

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 willful 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 on a daily basis. 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.

ICARA includes a Liquidity Adequacy Assessment and Contingent Funding Plan. Internal Liquidity Adequacy Assessment Process (ILAAP) and all its components, including risk elaboration on liquidity risks that are applicable to the firm and a Liquidity stress testing will be incorporated within ICARA.

In light of the above, the new 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.

Following the implementation of the new prudential regulatory framework, the Company should replace 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 new K-Factors requirement and drafting a new report which reflects all provisions under the new regulation. The new methodologies of K-Factors and Liquidity Stress tests will be incorporated into the new ICARA process, as well as the updated risk register which will focus on a harm-pose approach, identifying different potential risk events that may affect the Company's overall capital adequacy position.

The risk manager informed the Board that the ICARA report preparation has been already initiated and the capital planning is designed. It is expected that the new ICARA report will be available for review by the board in the third quarter of 2022.

7. REMUNERATION POLICY

The Company's remuneration system and policy is concerned with practices of the Company for those categories of staff whose professional activities have a material impact on its risk profile, i.e. the Senior Management and members of the Board of Directors; the said practices are established to ensure that the rewards for the 'executive management' are linked to the Company's performance, to provide an incentive to achieve the key business aims and deliver an appropriate link between reward and performance whilst ensuring base salary levels are not set at artificially low levels.

The Company uses remuneration as a significant method of attracting and retaining key employees whose talent can contribute to the Company's short 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.

It is noted that the Company has taken into account its size, internal organization and the nature, the scope and the complexity of its activities and it does deem necessary the establishment of a specific remuneration committee, while the remuneration policy is periodically reviewed.

The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the business unit, the employee's rank in the Company and professional activity as well as market practice.

The two remuneration components are:

- fixed remuneration (including fixed supplements)
- other benefits

The 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, experience, accountability, and responsibility needed for an employee to perform each position/role. The remuneration is also set in comparison with standard market practices employed by the other market participants/ competitors.

Performance appraisal and evaluation takes place at the end of each year based on aforementioned qualitative and/or quantitative benchmarks. Such appraisal and performance evaluation guides future salary adjustments decided by the - senior management.

The remuneration of the senior management personnel of the Company, including the Board are shown in the following tables:

Table 27: Remuneration analysis split by Senior Management and key management personnel

	Executive Directors	Key Management personnel	Non-Executive Directors
Fixed reward	302,000	554,611	18,000
Variable reward	-	-	-
Total	302,000	554,611	18,000
Number of beneficiaries	5	8	2

The variable to fixed remuneration ratio as at 31 December 2021 was zero.

Companies 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 are not applicable to the Company. No sign-on payments have been awarded during 2021, while no severance payments were paid during the year. Furthermore, aggregate remuneration analyzed by business area is presented below:

Table 28: Aggregate remuneration analysis by business area

Business Area	Aggregate Remuneration
	€
Control Functions	456,419
Operations	246,292
Financial Services	153,900
Total	856,611

*Control functions include the Executive Directors and Compliance Department.