

DISCLOSURES & MARKET DISCIPLINE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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1. INTRODUCTION

1.1 CBI Information

Ava Trade EU Ltd (hereinafter the ‘Company’) was incorporated in the Republic of Ireland on 16 July 2008 as a private limited liability company with registration number 460012. The Company obtained a MiFID Investment Firm license from the Central Bank of Ireland (“CBI”), licence No. C53877 on 16 July 2008 to provide the investment service listed below, in accordance with the European Communities (Market in Financial Investments) Regulations 2017.

Investment Services:

- Execution of orders on behalf of clients
- Dealing on own account

Ancillary Services:

- Foreign exchange services
- Research and financial analysis

Financial Instruments:

- 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
- 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)
- 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
- 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
- Financial contracts for differences

1.2 Scope of application

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

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

1.3 Classification and prudential requirements

Under current prudential regulatory framework, Investment Firms Directive (EU) 2019/2034 (“IFD”) and Investment Firm Regulation, Regulation (EU) 2019/2033 (“IFR”), all investment firms are classified as Class 1, 2 or 3 Investment Firms, based on their activities, systemic importance, size and interconnectedness. Class 1 Investment Firms are the largest and most interconnected investment firms, with risk profiles similar to those of significant credit institutions, have equal treatment with credit institutions in the sense of a level playing field accordingly and they fall entirely under the CRR.

Investment Firms categorized as Class 2 and Class 3 must comply with the provisions of the IFR/IFD prudential regulatory regime for investment firms introduced back in June 2021. Investment firms 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, are categorised as Class 2 Investment Firms.

Table 1: 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 ($\frac{1}{4}$) of the previous year fixed expenses (based on audited figures).

C. K-Factors requirement

The K-Factors are quantitative indicators that reflect the risk that the IFR/IFD 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 the Risk to Client (‘RtC’), Risk to Market (‘RtM’) and Risk to Firm (‘RtF’) proxies.

1.4 Regulatory framework

The Report has been prepared in accordance with the regulatory regime for investment firms that the European Parliament has adopted, the IFR and the IFD.

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

The Regulatory framework consists of:

- **Basic Prudential Requirement** - Covers minimum capital and liquidity requirements.
- **Internal Capital and Liquidity Adequacy Assessment** – 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’.
- **Disclosures Requirement** - require the disclosure of information regarding the prudential requirements, risk management and principles of the remuneration policy.

The Company has a formal policy, approved by the Board of Directors (‘Board’ or ‘BoD’), which details its approach in complying fully with the market disclosure requirements as laid out in Part Six of the IFR.

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

Frequency

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

Location of publication

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

<https://www.avatrade.com/about-avatrade/legal-documentation>

Verification

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

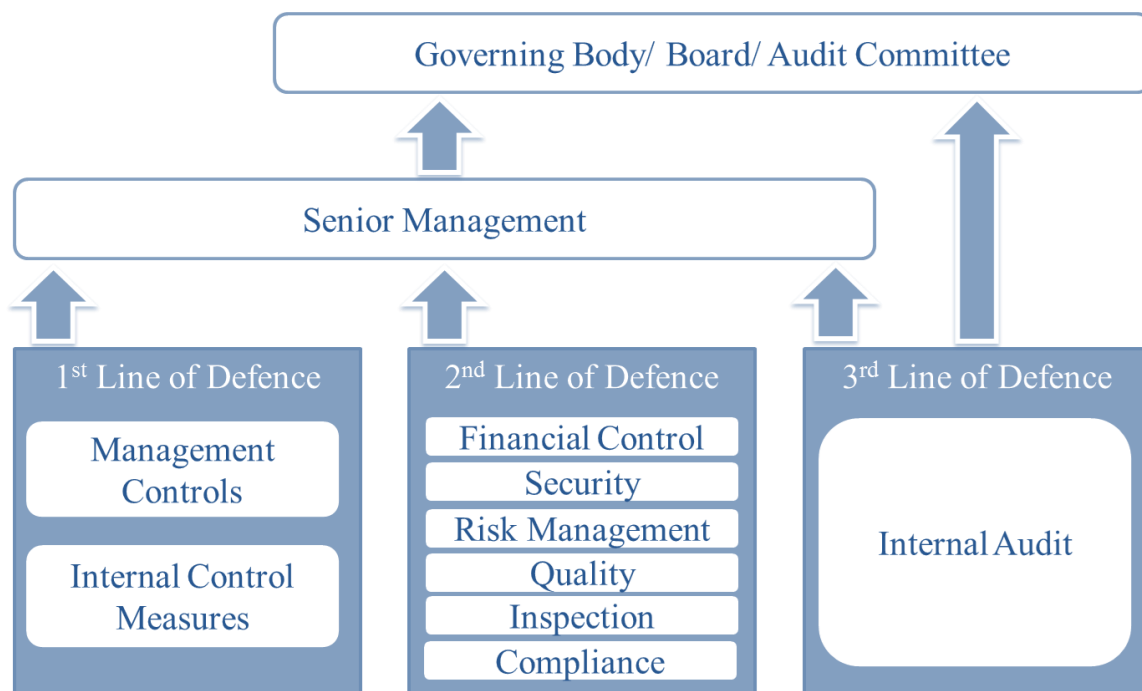
1.5 Risk management objectives and policies

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

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

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

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



1.5.1 Risk Management Framework

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

- Adequate risk identification and management,

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

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

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

1.5.2 Risk Statement

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

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 both Senior Management and employees with a general risk framework for the management of the different types of risks in line with the overall risk management and risk bearing capacity of the Company. The Company recognizes the importance of risk management to its business' success, and therefore the overall objective is to establish effective risk management policies that are able to mitigate the Company's exposure to various risks.

Risk Appetite

Risk appetite is the level and type of risk a firm is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders. Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events and outcomes. In addition, risk appetite should reflect potential impact on earnings, capital and funding/liquidity.

According to the Financial Stability Board (FSB), an appropriate risk appetite framework (RAF) should enable risk target, risk appetite, risk limits and risk profile to be considered for business lines and legal entities as relevant, and within the group context.

The Risk appetite framework is defined as the overall approach, including policies, processes, controls, and systems through which risk appetite is established, communicated, and monitored.

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 is empowered and qualified to take accountability for them. The Company embraces a culture where each of the business areas are encouraged to take risk-based decisions, while knowing when to escalate or seek for advice.

1.6. Declaration of the Board

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

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

2. CORPORATE GOVERNANCE

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

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

2.1.1. Board of Directors

As of 31 December 2024, the Board comprised of two executive directors and three non-executive directors.

The Board has the ultimate and overall responsibility for the investment firm and defines, oversees and is accountable for the implementation of the governance arrangements. 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 Board has the overall responsibility for the establishment and oversight of the Company's Risk Management Framework. The Board satisfies itself that financial controls and systems of risk management are robust.

2.1.2. Risk Manager

Further to the formation of the overall Internal Governance Framework, it should be noted that the Board has appointed a Chief Risk Officer ("CRO"). The CRO reports directly to the Senior Management of the Company while as previously discussed, the Risk Management Committee is responsible to control and overview the CRO'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 the overall responsibility.

Risk Management Committee

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

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

respect to those policies and procedures that are in place, including failures by the Company's relevant persons to comply with those policies and procedures.

Furthermore, the risk management committee advises the management body on the investment firm's overall current and future risk appetite and strategy and assists the management body in overseeing the implementation of that strategy by senior management.

2.1.4. Other Governance Functions

Internal Audit Function

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

Compliance Function

Pursuant to the regulatory obligations of the Company and with the view to complement the Internal Governance framework of the Company, the Board has established a compliance function to manage compliance risk. Furthermore, the Board has appointed the Head of Compliance (the "HOC") who is to be responsible for this function across the entire investment firm. More specifically, the HOC 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 Officer is independent and reports directly to the Senior Management of the Company, having at the same time the necessary authority, resources, expertise and access to all relevant information. The staff within the compliance function possess sufficient knowledge, skills and experience in relation to compliance and relevant procedures and have access to regular training.

Anti-Money Laundering Compliance Officer

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

Client Asset Oversight

AvaTrade is subject to the Client Asset Regulations as set out by the CBI. The safeguarding of client assets is a key priority for the Board which has appointed a Head of Client Asset Oversight ("HCAO") with responsibilities for managing the Client Asset Oversight ("CAO") Team. The

HCAO is responsible for providing oversight with regard to client assets. The HCAO provides updates to the Board on client assets and is responsible for maintaining the Firm’s Client Asset Management Plan (“CAMP”). The HCAO is responsible for the day-to-day running of the CAO function including completion of the client asset assurance plan, delivery of client asset training and liaison with the Client Asset Specialist Team within the CBI. The CAO team supports the work of the HCAO and monitors AvaTrade’s compliance with statutory obligations including AvaTrade’s Client Asset Key Information Document (“CAKID”), CAMP and the annual client asset examination.

2.2. Number of Directorships held by members of the Board

The table below discloses the number of directorships held by members of the management body of the Company, including D.T. Direct Investment Hub Ltd and any other companies belonging to the same group, as of 31 December 2024. Directorships in organisations which do not pursue predominantly commercial objectives such as non-profit or charitable organisations, are not taken into account for the purposes of the below.

Table 2: Number of Directorships of the members of the Board of Directors

Name of Director	Position	Number of Executive Directorships	Number of Non-Executive Directorships
Mr. Daire Ferguson	Executive Director	1	-
Mr. Emmanuel Kronitz	Executive Director	1	-
Mr. Austin Jennings	Non-Executive Director	-	3
Mr. Damian Gallagher	Non-Executive Director	-	4
Mr. Peter Blessing	Non-Executive Director	-	48

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

2.3. Policy on Diversity

The Company is committed to promoting a diverse and inclusive workplace at all levels, reflective of the communities in which it does business.

It approaches diversity in the broadest sense, recognizing those successful businesses flourish through embracing diversity into their business strategy, and developing talent at every level in the organisation. For this purpose, the Company takes into consideration various aspects such as broad industry experience, knowledge, independence, gender, age and cultural and educational background for the Board appointments.

3. OWN FUNDS

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

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

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

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

3.1. Composition of regulatory own funds

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

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

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

Table 3: IF CC1.01 - Composition of regulatory own funds as of 31 December 2024

Common Equity Tier 1 (CET1) capital: instruments and reserves		Amounts €'000	Source based on reference numbers/letters of the balance sheet in the audited financial statements (EU IF CC2)
1	OWN FUNDS	5,451	
2	TIER 1 CAPITAL	5,451	
3	COMMON EQUITY TIER 1 CAPITAL	5,451	
4	Fully paid-up capital instruments	2,440	Shareholders' Equity 1
5	Share premium	168	Shareholders' Equity 2

6	Retained earnings	2,843	Shareholders' Equity 4
7	Accumulated other comprehensive income	-	N/A
8	Other reserves	-	N/A
9	Minority interest given recognition in CET1 capital	-	N/A
10	Adjustments to CET1 due to prudential filters	-	N/A
11	Other funds	-	N/A
12	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
13	(-) Own CET1 instruments	-	N/A
14	(-) Direct holdings of CET1 instruments	-	N/A
15	(-) Indirect holdings of CET1 instruments	-	N/A
16	(-) Synthetic holdings of CET1 instruments	-	N/A
17	(-) Losses for the current financial year	-	N/A
18	(-) Goodwill	-	N/A
19	(-) Other intangible assets	-	N/A
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	N/A
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	N/A
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-	N/A
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-	N/A
24	(-) CET1 instruments of financial sector entities	-	N/A
25	(-) Defined benefit pension fund assets	-	N/A
26	(-) Other deductions	-	N/A
27	CET1: Other capital elements, deductions and adjustments	-	Assets 2
28	ADDITIONAL TIER 1 CAPITAL	-	

2 9	Fully paid up, directly issued capital instruments	-	N/A
3 0	Share premium	-	N/A
3 1	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
3 2	(-) Own AT1 instruments	-	N/A
3 3	(-) Direct holdings of AT1 instruments	-	N/A
3 4	(-) Indirect holdings of AT1 instruments	-	N/A
3 5	(-) Synthetic holdings of AT1 instruments	-	N/A
3 6	(-) AT1 instruments of financial sector entities	-	N/A
3 7	(-) AT1 instruments of financial sector entities where the institution has a significant investment	-	N/A
3 8	(-) Other deductions	-	N/A
3 9	Additional Tier 1: Other capital elements	-	N/A
4 0	TIER 2 CAPITAL	-	
4 1	Fully paid up, directly issued capital instruments	-	N/A
4 2	Share premium	-	N/A
4 3	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
4 4	(-) Own T2 instruments	-	N/A
4 5	(-) Direct holdings of T2 instruments	-	N/A
4 6	(-) Indirect holdings of T2 instruments	-	N/A
4 7	(-) Synthetic holdings of T2 instruments	-	N/A
4 8	(-) T2 instruments of financial sector entities	-	N/A
4 9	(-) T2 instruments of financial sector entities	-	N/A
5 0	Tier 2: Other capital elements	-	N/A

3.2. Main features of capital instruments

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

Table 4: EU IF CCA - Main features of own instruments issued by the firm.

No	Item	CET1 Capital
1	Issuer	Ava Trade EU Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	635400B4JMEKVIH72416
3	Public or private placement	Private
4	Governing law(s) of the instrument	Irish Companies Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	2.61
7	Nominal amount of instrument	€2,607,591
8	Issue price	€1
9	Redemption price	N/A
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	16/07/2008
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Non-cumulative
24	Convertible or non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A

32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

3.3. Balance Sheet Reconciliation

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

As at the 31 December 2024, the reconciliation of Company's assets and liabilities and regulatory Own Funds is shown in the following table:

Table 5: EU IFCC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements.

No.	Item	Balance sheet as in published/ audited financial statements €'000	Under regulatory scope of consolidation €'000	Cross reference to EU IF CC1
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Right-of-use assets	18		N/A
2	Investors' Compensation Fund	31		Ref. 27
3	Trade and other receivables	996		N/A
4	Cash and cash equivalents	14,294		N/A
xxx	Total Assets	15,339		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Trade and other payables	1,925		N/A
2	Lease liabilities	7,963		N/A
xxx	Total Liabilities	9,888		
Shareholders' Equity				
1	Share capital	2,440		Ref. 4
2	Share premium	168		Ref. 5
3	Accumulated profits forward	2,843		Ref. 8

xxx	Total Shareholders' equity	5,451		
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4. PRUDENTIAL REQUIREMENTS

4.1. Own Funds Requirement

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 Requirement and
- K-Factors Requirement.

4.1.1. Initial Capital Requirement

The Company's initial capital is €750k.

4.1.2. Fixed Overheads requirement

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

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

Table 6: Fixed Overheads Requirement

Item	€'000
Total expenses of the previous year after distribution of profits	6,104
Total deductions	-
(-) Staff bonuses and other remuneration	
(-) Employees', directors' and partners' shares in net profits	
(-) Other discretionary payments of profits and variable remuneration	
(-) Shared commission and fees payable	
(-) Fees, brokerage and other charges paid to CCPs that are charged to customers	
(-) Fees to tied agents	
(-) Interest paid to customers on client money where this is at the firm's discretion	
(-) Non-recurring expenses from non-ordinary activities	
(-) Expenditures from taxes	
(-) Losses from trading on own account in financial instruments	
(-) Contract based profit and loss transfer agreements	
(-) Expenditure on raw materials	
(-) Payments into a fund for general banking risk	
(-) Expenses related to items that have already been deducted from own funds	
Annual Fixed Overheads	6,104
Fixed Overheads requirement	1,526

4.1.3. K-Factors Requirement

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

Further to the above and since the Company is a 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.

Risk to Client

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

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

K-CMH: Clients Money Held

K-CMH captures the risk of potential for harm where an investment firm holds the money of its clients, taking into account whether they are on its own balance sheet or in third-party accounts and arrangements under applicable national law provided that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm.

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

Calculation

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

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

As of 31 December 2024, the K-CMH was €54k. The table below shows the average CMH values in segregated accounts and non-segregated accounts for the 4th quarter of 2024 in accordance with the Article 18(1) of IFR:

Table 7: Total CMH (average amounts)

	Factor amount		
	December 2024 €'000	November 2024 €'000	October 2024 €'000
CMH - Segregated (average amounts)	66,105	64,994	66,649
CMH - Non-segregated (average amounts)	-	-	-

K-COH: Client Orders Handled

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

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

Calculation

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

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

As of 31 December 2024, the K-COH was €30k. The table below shows the arithmetic mean amount of COH in cash trades and derivatives for the 4th quarter of 2024, in accordance with the Article 20(1) of IFR:

Table 8: Total COH (average amounts)

	Factor amount		
	December 2024 €'000	November 2024 €'000	October 2024 €'000
COH - Cash trades (average amounts)	-	-	-
COH - Derivative (average amounts)	-	-	-

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.

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;
- Commodity Risk;
- Equity Risk; and
- TDI Risk

As of 31 December 2024, the K-NPR capital requirement amounted to €0.

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:

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:

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

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 fund's 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 between 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 a 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 an 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, the 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 of 31 December 2024, the Company did not have any large exposures exceeding the predetermined limit.

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 one day which could result from inadequate or failed internal processes, people and systems or from external events, based on the notional value of daily trades, adjusted for the time to maturity of interest rate derivatives in order to limit increases in own funds requirements, in particular for short-term contracts where perceived operational risks are lower.

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 within 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.

K-DTF shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient (0.1% and for cash trades and 0.01% for derivative trades).

As of 31 December 2024, the K-DTF was €0 as the Company did not use the investment service of dealing on own account.

Table 9: Total DTF (average amounts)

	Factor amount		
	Dec-24 €'000	Nov-24 €'000	Oct-24 €'000
DTF - Cash trades (average amounts)	-	-	-
DTF - Derivative (average amounts)	348,253	324,741	293,560

K-Factors Requirement Results

As of 31 December 2024, the Company's K-Factors Requirement is €107k as shown in the table below:

Table 10: K-Factors Results

Item	Factor Amount €'000	K-Factor Requirement €'000
TOTAL K-FACTOR REQUIREMENT		1,559
Risk To clients		264
<i>K-AUM</i>	-	-
<i>K-CMH (Segregated)</i>	66,105	264
<i>K-CMH (non-Segregated)</i>	-	-
<i>K-ASA</i>	-	-
<i>K-COH (Cash Trades)</i>	-	-
<i>K-COH (Derivative Trades)</i>	301,254	301,254
Risk to Market		-
<i>K-NPR</i>		-
<i>K-CMG</i>		-
Risk to Firm		1,294
<i>K-TCD</i>	27,420	1,259
<i>K-DTF (Cash Trades)</i>	-	-
<i>K-DTF (Derivative Trades)</i>	348,253	35
<i>K-CON</i>		-

4.2. Capital Ratios

According to Article 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 of 31 December 2024, were the following:

Table 11: Capital Adequacy Analysis

OWN FUNDS COMPOSITION	€'000
Share Capital	2,440
Share Premium	168
Advances from Shareholders	0
Audited Reserves	2,843
Investors Compensation Fund	0
CET 1 Capital	5,451
Additional Tier 1 Capital	-
Tier 1 Capital	5,451
Tier 2 Capital	-
Own Funds	5,451
OWN FUNDS REQUIREMENTS	€'000
Permanent Minimum Capital Requirement	750
Fixed Overheads Requirement	1,526
K-Factors Requirement	1,559
Own funds Requirement	1,559
CAPITAL RATIOS	
Common Equity Tier 1 Ratio (min. 56%)	349.73%
<i>Surplus(+)/Deficit(-) of Common Equity Tier 1 Capital</i>	<i>4,578</i>
Tier 1 Ratio (min. 75%)	349.73%
<i>Surplus(+)/Deficit(-) of Tier 1 Capital</i>	<i>4,282</i>
Total Capital Ratio (min. 100%)	349.73%
<i>Surplus/(Deficit) of Total Capital</i>	<i>3,892</i>

As per the above results, the Company as of 31 December 2024 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.

4.3.Reporting requirements

4.3.1. Quarterly Submissions

The Company as a Class 2 investment firm is required 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) Revenue breakdown by investment service and applicable K-factors
- e) Concentration risk
- f) Liquidity requirements

4.3.2. 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.

Investment firms 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.

Investment firms shall monitor and control their concentration risk so as not to exceed the following limits as per Article 37 of IFR.

Table 12: 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

4.4.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 are well above the 1/3 of the total fixed overheads requirement.

Table 13: Liquidity Requirements

Item	€'000
Liquid Assets	14,294
Requirement (1/3 of Fixed Overheads Requirement)	509
Surplus	13,785

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.

4.5. Other Material Risks

Operational Risk

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

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

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

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

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

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

- Maintaining a four-eye structure and implementing board oversight over the strategic; decisions made by the heads of departments;
- An IT Disaster Recovery Plan has been designed in order to be used in the event of a force majeure affecting the Company's internal systems and databases;
- Maintenance of Risk Registers in the Context of the ICARA;

- A Business Continuity Plan has been implemented which helps protect all of the Company's information databases including data, records and facilities;
- The majority of actions occurring in the Company's systems are automated and therefore it is less likely that a human error will occur;
- Review of risks and controls as part of the Internal Audit function; and
- Regular review and updating of the Company's policies.

Reputation Risk

Reputational risk is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Company by Clients, counterparties, shareholders, investors or regulators. Reputational risk could be triggered by poor performance, the loss of one or more of the Company's key directors, the loss of large Clients, poor Client service, fraud or theft, Client claims, legal action, regulatory fines and from negative publicity relating to the Company's operations whether such a fact is true or false.

The Company is aware that, operating in a demanding industry, with many competitors, who may also act in unethical ways, could introduce risks of a reputational nature. The possibility of having to deal with serious incidents is limited as the Company exerts its best efforts in providing high quality services to its clients. In addition, the Company's Board members and Senior Management comprise of experienced professionals who are recognized in the industry for their integrity and ethos, and, as such, add value to the Company.

The Company aims to minimise reputational risk through the implementation of a strong internal control system and adequate policies and procedures (including in the area of client complaint handling). Furthermore, the Company aims to also mitigate this risk by ensuring that all employees are adequately trained and equipped with the required skills to fulfil their duties.

Business Risk

Business Risk arises due to probable losses that might be incurred by the Company during unfavourable market conditions, thus, having a current and/or future possible impact on earnings or capital from adverse business decisions and/or the lack of responses to industry changes by the Company.

Furthermore, business risk may arise from the probability of inadequate profits or losses due to the unavailability of Liquidity Providers to execute transactions.

The Company may be exposed to business risk in case of a deterioration of business and economic conditions in the markets in which it operates. The Company's business plans involve an expansion of its clientele so as to grow its revenue base and increase its profitability. However, the Company has taken into consideration Business Risk when preparing its financial projections and when conducting its stress testing procedures.

In order to avoid any potential damage to the Company's financial position, the Company continuously evaluates (and redesigns if and when necessary) its business plans taking into account changing economic conditions.

The Company has policies and procedures in place when dealing with possible Client complaints in order to provide the best possible assistance and service under such circumstances.

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.

Legal and Compliance Risk

Legal & Compliance risks arise from violations of, or non-conformance with 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 with 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.

Information Technology Risk

Information Technology (hereinafter, "IT") risk could occur as a result of inadequate information technology and processing, or arise from an inadequate IT strategy and policy or inadequate use of the Company's IT.

The Internal Auditor, as part of the annual on-site inspections, evaluates and assesses whether the Company's systems and infrastructure are adequate.

The aim of the Company is for the materialisation of IT risk to be minimised to the lowest possible level and, as such, the Company shall take the respective rectifying measures, as and when deemed necessary.

Specifically, policies have been implemented, and measures have been taken regarding backup procedures, software maintenance, hardware maintenance, internet use, data protection procedures, and disaster recovery, as applicable.

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 to the Company. Moreover, EBA has defined conduct risk as the current or prospective risk of losses to an institution arising from inappropriate supply of financial services including cases of wilful or negligent misconduct. Consequently, conduct risk arises from failures of designated liquidity providers located in third countries associated with the Company. Furthermore, the Company can be exposed to conduct risks arising from inadequate agreements with the third parties that hold clients' funds.

The Company will continue to monitor the financial soundness of the liquidity providers and make sure that it can justify the trading risks it undertakes, ensuring that it is in such a cash flow position that it can undertake the settlement of all trades introduced or executed or hedged by its clients. Moreover, the Company recognises the importance to ensure its clients' protection, thus, the Company has in place arrangements such as stop out limits and maintains adequate agreements with its Liquidity Providers.

5. 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.

The ICARA report presents the main business background 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 its material risks as well as provides forward looking capital and liquidity planning.

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

6. REMUNERATION POLICY AND PRACTICES

The Company has established a remuneration policy to set out the remuneration practices of the Company taking into consideration the salaries and benefits of the staff on remuneration policies and practices, where these comply with specific principles in a way and to the extent that is appropriate to the Company's size, internal organization and the nature, scope and complexity of its activities. Furthermore, the Company's remuneration strategy is designed to reward and motivate the people who are committed to maintaining a long-term career within the Company and performing their role in the interests of the Company.

The design of the Policy is approved by the people who effectively direct the business of the Company, after taking advice from the compliance function, and implemented by appropriate functions to promote effective corporate governance. The people who effectively direct the business are responsible for the implementation of remuneration policies and practices and for preventing and dealing with any relevant risks that remuneration policies and practices can create.

Furthermore, the Policy also benefits from the full support of senior management or, where appropriate, supervisory function, so that necessary steps can be taken to ensure that relevant people effectively comply with the conflicts of interest and conduct of business policies and procedures.

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

Remuneration Committee

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

Remuneration of Senior Management Personnel and Directors

The remuneration policy of the Company is intended to ensure that the Company will attract and retain the most qualified Senior Management Personnel and Directors. As stated above, the criteria used for determining the remuneration of the Company's directors are segregated into quantitative and qualitative criteria.

The quantitative remuneration criteria mostly rely on numeric and financial data such as the Company's performance and the individual performance evaluation and ratings of each member of staff whose professional activities affect the risk profile of the firm. In addition to the quantitative criteria, the Company has put in place qualitative criteria which include compliance with regulatory requirements and internal procedures, fair treatment of clients and client satisfaction.

Moreover, the remuneration of the Company's non-executive directors is fixed, and it is set at a level that is market aligned and reflects the qualifications and competencies required based on

the Company's size and complexity, the responsibilities and the time that the non-executive directors are expected to consume in order to serve the Company.

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

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

Following the Article 32(4)(a) of the IFD, these points don't apply to the Company since the Company does not fall under the definition of '*significant CIF*' (off-balance sheet assets is on average less than €100m over the preceding four-year period). Moreover, according to Article 34(4) of IFD, Investment Firms are required to disclose the number of natural persons that are remunerated €1mln or more per financial year, in pay brackets of €1mln, including their job responsibilities, the business area involved and the main elements of salary, bonus, long-term award and pension contribution. Nevertheless, currently there are no natural persons at the Company that are remunerated €1mln or more per financial year and as such the above disclosure is not applicable to the Company.

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

7. INVESTMENT POLICY

IFR requires comparable disclosures that should help stakeholders understand investment firms' influence over the companies in which they hold voting rights, with the objective to show if the investment firm is an active shareholder that generally uses its voting rights and how it uses them. AvaTrade is not required to disclose an investment policy as the proportion of voting rights that AvaTrade directly or indirectly holds falls below the threshold of 5% of all voting rights attached to the shares issued by companies in which they hold voting rights.

8. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

Environmental, Social and Governance risk the business environment in which AvaTrade operates is shaped by a broad range of external factors including macroeconomic conditions, the competitive landscape, policy and regulation, technology, societal and demographic developments, and geopolitical trends. ESG and climate-related risks are increasingly impacting across all of these areas and AvaTrade recognises and manages the impact of these risks across the individual risk types referenced above.