

# Top Markets Solutions Ltd



## Pillar III Disclosures

For the Year Ended 31 December 2023

This document has been prepared, for information purposes only, by “Top Markets Solutions” Ltd (authorized and regulated by the Cyprus Securities and Exchange Commission under license number CIF 158/11 dated 14, December 2011). The information herein is provided as at the date of this document according to Part Six of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014.

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<b>Abbreviation</b>	<b>Full description</b>
BoD	Board of Directors
CAR	Capital Adequacy Ratio
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1
CIF	Cyprus Investment Firm
CIU	Collective Investment Undertaking
CRD IV	Capital Requirements Directive
CRR	Capital Requirements Regulation
EBA	European Banking Authority
ECB	European Central Bank
EMIR	European Market Infrastructure Regulation
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
FATF	Financial Action Task Force
FOH	Fixed Overheads
GDPR	General Data Protection Regulation
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
ICARA	Internal Capital Adequacy and Risk Assessment Process
ICF	Investors Compensation Fund
IFD	Investment firm Directive
IFR	Investment Firm Regulation
IFRS	International Financial Reporting Standards
IOM	Internal Operations Manual
MIFID II	Markets in Financial Instruments Directive 2014

OECD	Organisation for Economic Co-Operation and Development
OTC	Over the Counter
PRIIP	Packaged Retail and Insurance-based Investment Products
PSP	Payment Service Provider
RAG	Red-Amper-Green
RAS	Risk Appetite Statement
RBS-F	Risk Based Supervision Framework
RMF	Risk Management Framework
RWA	Risk Weighted Assets
SME	Small and Medium-sized Enterprise
CySEC	Cyprus Securities and Exchange Commission
ICT	Information Communication Technology

## 1. Introduction, Scope, and Purpose of the document

“Top Markets Solutions Ltd” Ltd (the “Company”) was incorporated in Cyprus on the 1<sup>st</sup> September 2010 as a private limited liability Company under the provisions of the Cyprus Companies Law, Cap. 113 with registration number HE 272810 and LEI code 5493004XYMPINHKGCM47.

The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (“CySEC” or the “Commission”) under license number 158/11 for the conduct of designated investment business in the Republic of Cyprus. The Company is a Class 2 Cyprus Investment Firm (“CIF”) and is required to hold €750k of initial capital set in accordance with Article 14 of Regulation (EU) 2019/2033 (the “Investment Firm Regulation” or “IFR”) and Article 9 of EU Directive 2019/2034 (“the Investment Firm Directive” or “IFD”), as the latter has been harmonized with local legislation through the issuance of the Cyprus Law 165(I)/2021 (the “Law”) for the Prudential Supervision of Investment Firms.

<b>COMPANY’S INFORMATION</b>	
<b>CIF AUTHORIZATION DATE</b>	14/12/2011
<b>CIF LICENSE NUMBER</b>	158/11
<b>COMPANY REGISTRATION DATE</b>	01/09/2010
<b>COMPANY REGISTRATION NUMBER</b>	HE 272810

**INVESTMENT SERVICES:**

- **RECEPTION AND TRANSMISSION OF ORDERS IN RELATION TO ONE OR MORE FINANCIAL INSTRUMENTS**
- **EXECUTION OF ORDERS ON BEHALF OF CLIENTS**
- **DEALING ON OWN ACCOUNT**
- **PORTFOLIO MANAGEMENT**
- **PROVISION OF INVESTMENT ADVICE**

**ANCILLARY SERVICES:**

- **SAFEKEEPING AND ADMINISTRATION OF FINANCIAL INSTRUMENTS, INCLUDING CUSTODIANSHIP AND RELATED SERVICES**
- **GRANTING CREDITS OR LOANS TO ONE OR MORE FINANCIAL INSTRUMENTS, WHERE THE FIRM GRANTING THE CREDIT OR LOAN IS INVOLVED IN THE TRANSACTION**
- **FOREIGN EXCHANGE SERVICES WHERE THESE ARE CONNECTED TO THE PROVISION OF INVESTMENT SERVICES**
- **INVESTMENT RESEARCH AND FINANCIAL ANALYSIS OR OTHER FORMS**

*Table 1: Company Information Summary*

The Company’s operating license from CySEC permits it to undertake regulated investment and ancillary services, as these are indicated in the table that follows and analysed further below.

## **Investment Services**

	Explanations:	1	2	3	4	5	6	7	8	9	10	11
Reception and transmission of orders in relation to one or more financial instruments:												
Execution of orders on behalf of clients:												
Dealing on own account. :												
Portfolio management. :												
Provision of investment advice:												

## **Ancillary Services**

	Explanations:	1	2	3	4	5	6	7	8	9	10	11
Safekeeping and administration of financial instruments, including custodianship and related services:												
Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction: :												
Foreign exchange services where these are connected to the provision of investment services: :												
Investment research and financial analysis or other forms::												

*Table 2: License Information under CySEC Authorisation*

Explanations:

Investment and Ancillary Service Code	Description
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, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash
5	Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash at the option of one of the parties other than by reason of default or other termination event
6	Options, futures, swaps, forwards and any other derivative contracts relating to commodities that can be physically settled provided they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled
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 this part and not being for commercial purposes, which have the characteristics of other derivative financial instruments
8	Derivative Instruments for transfer of credit risk
9	Financial Contracts for Differences
10	Options, Futures, Swaps, Forward Rate Agreements and any other derivative contracts related to climatic variables, freight rates or inflation rates or other official economic statistics that must or maybe settled in cash at the option of one of the parties, other than by reason of default or other termination event, as well as any other derivative contracts 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, an OTF, or a MTF
11	Emission allowances consisting of any units recognized for compliance with the requirements of Directive 2003/87/EC

Table 3: Explanations of Investment and Ancillary Services Codes

### 1.1. Classification and Prudential Requirements

The Investment Firms Directive (EU) 2019/2034 (“IFD”) and the Investment Firm Regulation (EU) 2019/2033 (“IFR”) entered into force on 26 July 2021 classifies investment firms, based on their activities, systemic importance, size and interconnectedness. 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 Regulation (EU) No 575/2013 (“CRR”).

Investment Firms categorized as Class 2 and Class 3 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.



Cyprus Investment Firms (“CIFs” that meet all the below criteria are categorised as Class 3 Investment Firms, otherwise meeting the definition for “Small and non-interconnected investment firms”, while when they exceed any of the following specific size thresholds, they are categorised as Class 2 Investment Firms.

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.	Daily Trading Flow	zero
7.	Net Position risk	zero
8.	On- and off-balance sheet total	< €100 million
9.	Total annual gross revenue from investment services and activities	< €30 million

Table 4: Threshold Criteria

Further to the above, the Company is categorized as a Class 2 Investment Firm since it does not meet all of the above criteria (CMH, DTF and NPR are greater than zero) and as such it should maintain own funds of at least the higher between the:

**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”.

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

**K-Factors requirement** - The K-Factors are quantitative indicators that reflect the principal risk arise from the activities and operations of Investment Firms. 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.

## 1.2. Regulatory Framework

Since 26th June 2021, the Company abides by the prudential rules set by the IFR & IFD framework, which consists of EU Regulation 2019/2033 on the prudential requirements of investment firms (“Investment Firm Regulation” or “IFR”) and EU Directive 2019/2034 on the prudential supervision of investment firms (“Investment Firm Directive” or “IFD”), as the latter has been harmonized into local legislation through the issuance of the Cyprus law for the Prudential Supervision of Investment Firms (165(I)/2021). This framework addresses the prudential requirements for investment firms only, in order to avoid disproportionate administrative burden on this category. Also, the IFR permits a transitional period of five years from initial implementation, to help investment firms adjust gradually to the new risk quantification methodologies, where this is deemed necessary.

Based on the relevant provisions of the IFR & IFD framework, the Company qualifies as a Class 2 CIF and is required to hold €750k of initial capital, as per Article 14 of the IFR and Article 9 of the IFD.

### **1.2.1. The Three Pillars**

The IFR & IFD framework consists of three Pillars which are used to regulate, supervise and improve the risk management of firms in the financial services industry. The three Pillars and their applicability to the Company are summarised below:

**Pillar I** – Minimum Capital Requirements – ensures that the Company maintains at all times a sufficient amount of capital above the minimum requirement in relation to certain key risks, as calculated using prescribed methods.

**Pillar II** – Internal Capital Adequacy and Risk Assessment (“ICARA”) Process and Supervisory Review and Evaluation Process (“SREP”) – ensures that the Company and its supervisor, CySEC, actively assess, control and mitigate the various risks that the Company faces.

**Pillar III** – Market Discipline – ensures the promotion of market discipline through the disclosure of the Company’s regulatory requirements, risk management and risk governance policies and procedures, allowing market participants to view and compare meaningful information relating to the Company and its peers.

### **1.3. Pillar III Disclosures Policy**

In accordance with Part Six of the IFR, which was introduced in June 2021, the Company is required to disclose information relating to its risk exposure and management framework, capital structure, capital adequacy as well as the most important characteristics of the Company’s corporate governance including its remuneration system. The scope of this report is to promote market discipline and to improve transparency of market participants.

The Company is making the disclosures on a solo basis as it does not fall under the scope of prudential consolidation based on the provisions of Article 7 of the IFR. The Company also prepares its Financial Statements on an individual (solo) basis, in accordance with the International Financial Reporting Standards (“IFRS”).

This document is updated and published annually; it will, however, be published more frequently if there are significant changes to the business (such as changes to the scale of operations, range of activities, etc.). Where “reference date” is mentioned, this refers to 31 December 2023. Unless stated otherwise, all amounts are in thousands (k) of Euros (“€” or “EUR”).

The Company’s Pillar III disclosures are published on the Company’s website. Please refer to the following link: [https://earn.eu/company/mifid\\_II\\_disclosures](https://earn.eu/company/mifid_II_disclosures)

### **Geopolitical Developments**

The management is continuously monitoring the developments in its operating environment and is ready to proceed with remedial actions where necessary. As at the date of this report, the Company has not experienced any disruption in their operations and has evaluated contingency plans to avoid any disruptions in the foreseeable future. However, there is currently a wide range of uncertainty associated with the crisis’ possible outcomes and the economic impact depends on variables that are difficult to predict.

## 2. Governance and Risk Management

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.

Considering the fact that as at 31 December 2023 the Company was not considered to be a “Significant CIF”, the establishment of a Nomination or a Remuneration Committee was not deemed necessary at the present stage. The Company nevertheless maintains an Investment Committee.

### 2.1. Organizational Structure

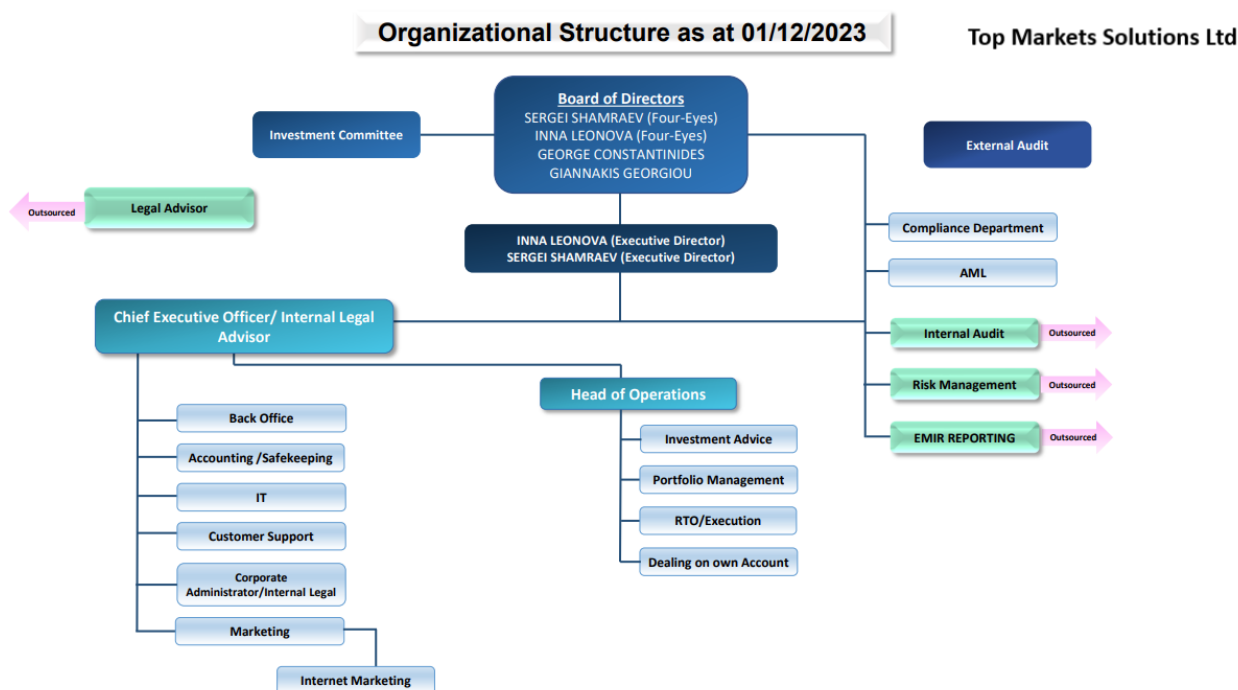


Figure 1: Organizational Structure

### 2.2. The Board of Directors

The Company’s Board of Directors (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 Company has in place the Internal Operations Manual (“IOM”) which lays down the activities, processes, duties and responsibilities of its Board, Committees, Senior Management and staff.

The Company implements and maintains adequate risk management policies and procedures which identify the risks relating to its activities, processes and systems, and where appropriate, set 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 is required to assess and review the effectiveness of the policies, arrangements and procedures put in place for the Company to comply with its obligations under the relevant laws, as subsequently amended or replaced, as well as the any other CySEC Laws, Directives and the IFR, and to take appropriate measures to address any deficiencies.

In particular, when managing and/or assessing risks, the responsibilities of the Board of Directors and Senior Management can be summarized as follows:

- Ensure that the Company complies at all times with its obligations under primary and secondary legislation.
- Ensure that the Management Body defines, oversees and is accountable for the implementation of the governance arrangements that ensure effective and prudent management of the Company, including the segregation of duties in the Company and the prevention of conflicts of interest, in a manner that safeguards the integrity of the market and interest of Clients.
- Have the overall responsibility for the Company and approve and oversee the implementation of the Company’s strategic objectives, risk strategy and internal governance.
- Ensure that the Company possesses the resources sufficient for carrying out its activities.
- Ensure that the Risk Manager, Compliance Officer and Anti-Money Laundering Compliance Officer have full access to all documents and information necessary for the execution of their duties and responsibilities.
- Ensure that it receives on a frequent basis, and at least annually, written reports regarding Internal Audit, Compliance, Money Laundering & Terrorist Financing, Risk Management and ICARA issues, indicating, in particular, whether the appropriate remedial measures and/or recovery actions are taken in the event of any deficiencies.
- Review the process of disclosure and announcements and are responsible for providing effective supervision over the Senior Management.
- Monitoring the internal control mechanisms of the Company to enable prevention of activities outside the scope and strategy of the Company and of any unlawful transactions, and ensuring the identification of risks and the timely and adequate flow of information.
- Supervision of the activities of the Company’s Departments and employees in the course of performance of their daily functions.

On 31 December 2023, the Board of Directors of the Company comprised of two Executive Directors and three Non-Executive Directors, of which two were independent:

	<b>Name</b>	<b>Position</b>
1.	Sergei Shamraev	Executive
2.	Inna Leonova	Executive
3.	Giannakis Georgiou	Non-Executive
4.	George Constantinides	Non-Executive

*Table 5: Board of Directors 2023*

### **2.3. Diversity Policy for the Selection of Members of the Management Body**

The Company is committed to promoting diversity on the Board in terms of educational and professional background, gender, age and geographical provenance, and aims to engage a broad set of qualities and competences when recruiting members of the management body, to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making within the Board. The

Company is committed to encouraging equality and diversity among its workforce and eliminating unlawful discrimination.

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

The purpose of the Company's Diversity Policy is to:

- Provide equality, fairness and respect for all in its employment, whether temporary, part-time or full-time.
- Not unlawfully discriminate, based on the Equal Treatment and Labor Law of 2004 (Law 58(i)/2004), protected characteristics of race or ethnical origin, religion or belief, age or sexual orientation in the field of employment.
- Not unlawfully discriminate and treat equally, based on the Disabled Persons Law of 2000 (Law 127(i)/2000), people with disabilities.
- Oppose and avoid all forms of unlawful discrimination. This includes in pay and benefits, terms and conditions of employment, dealing with grievances and discipline, dismissal, redundancy, leave for parents, requests for flexible working and selection for employment, promotion, training, or other developmental opportunities.

The Company's Diversity Policy is fully supported by Senior Management and has been agreed with trade unions and/or employee representatives.

#### **2.4. Directorships held by Members of the Management Body**

All members of the Board dedicate sufficient time to perform their duties on behalf of 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. In accordance with Section 9(4) of the Law 87(I)/2017, unless representing the Republic, members of the Board of a CIF that is significant in terms of its size, internal organization and the nature, the scope and the complexity of its activities shall not hold more than one of the following combinations of directorships at the same time:

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

As previously mentioned, based on its internal assessment in relation to the conditions triggering "significance" as per CySEC Circular C487, the Company did not meet the criteria to be a Significant CIF for the year ended 31<sup>st</sup> of December 2023 and hence the above was not applicable.

The table below provides the number of directorships each member of the management body of the Company holds at the same time in other entities (including the directorship in the company and its related entities that belong to the same group) as at the time of preparation of this report. Directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below. Executive or non-executive directorships held within the same group, are considered as a single directorship.

No.	Name	Position in the Company	Executive Directorships	Non-Executive Directorships
1.	Inna Leonova	Executive	1	-
2.	Sergei Shamraev	Executive	1	-
3.	Giannakis Georgiou	Non-Executive	1	3
4.	George Constantinides	Non-Executive	-	3

*Table 5: Number of directorships held by Members of the Management Body*

The information in this table is based only on representations made by the Company's directors at the time of preparation of the report.

## 2.5. Investment Committee

The 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 shall convene at least quarterly, either in the Company's offices or via a conference call. The Investment Committee reports directly to the Senior Management and is responsible for the following:

- To supervise the proper choice of investments (framework for investment decisions).
- To analyze the investment potential and contribute to the elaboration of the investment policy, as applicable.
- To determine the Company's pricing policy.
- To decide upon the markets and types of Financial Instruments in which the Company shall be active.
- To establish, approve, adjust and monitor the Company's Investment Policy in relation to the Portfolio Management Department, by using the recommendations of the Head of the Department through the Investment Reports, as applicable.
- To establish risk profile categories for each Client (e.g. cautious, balance, growth, aggressive).
- To brief the Internal Auditor, as applicable.
- To review the Company Investment Policy whenever a material change occurs.
- To analyze the economic conditions and the investment alternatives based on a thorough examination of third-party reports.
- To select appropriate benchmarks for different type of portfolios, where applicable.
- To examine the returns and the associated risks of the Client portfolios, as applicable.
- To 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.
- To monitor the collection of the Client information through the filling of the Investment Questionnaire, or by using information obtained through interviews.

## 2.6. Risk Management

The Company's operations are regulated by CySEC with supervision focused on licensing, capital adequacy, risk concentration, conduct of business as well as organizational and reporting requirements. For the proper development of the risk function, the Company implemented and upgrades on a frequent basis a strong governance policy in order to ensure that all risk decisions taken are appropriate and

efficient and that they are effectively controlled within the established risk appetite framework. In order to ensure adequate oversight, the Company utilises the generally accepted industry standard “Three lines model” approach to its risk management framework and processes. This approach creates clarity with regards to roles and responsibility related to risk ownership, oversight, and the management of Company’s risk exposures.

- First line – Managing Risk:** It includes any business and supporting functions of an entity that generate exposure to a risk through the provision of Products/Services to clients. It actively deals and manages risks as part of the daily business operations and putting the necessary controls in place so that these remain within the approved appetite risk. Risk owners are fully responsible and accountable for the ongoing management of such risks that arise.
- Second line – Risk Function & Compliance:** Introduces best practises and ensures compliance as part of the second line, while the risk function is responsible to ensure that all risks are under control, independent expert opinions on the risks that the Company is exposed and on the way that they are mitigated, monitoring and challenge the risk management activities performed in the “first line”. In general, these functions are responsible for ensuring that all the risks are managed in accordance with the risk appetite defined by the Senior Management and approved by the BoD. They must also provide guidance, advice, and independent opinion in all key risk-related matters.
- Third line – Internal Audit:** It regularly assesses policies, methods and procedures and provide independent assurances to the BoD that the overall internal control environment is effective and that all policies, methods and procedures are consistently applied throughout the Company.

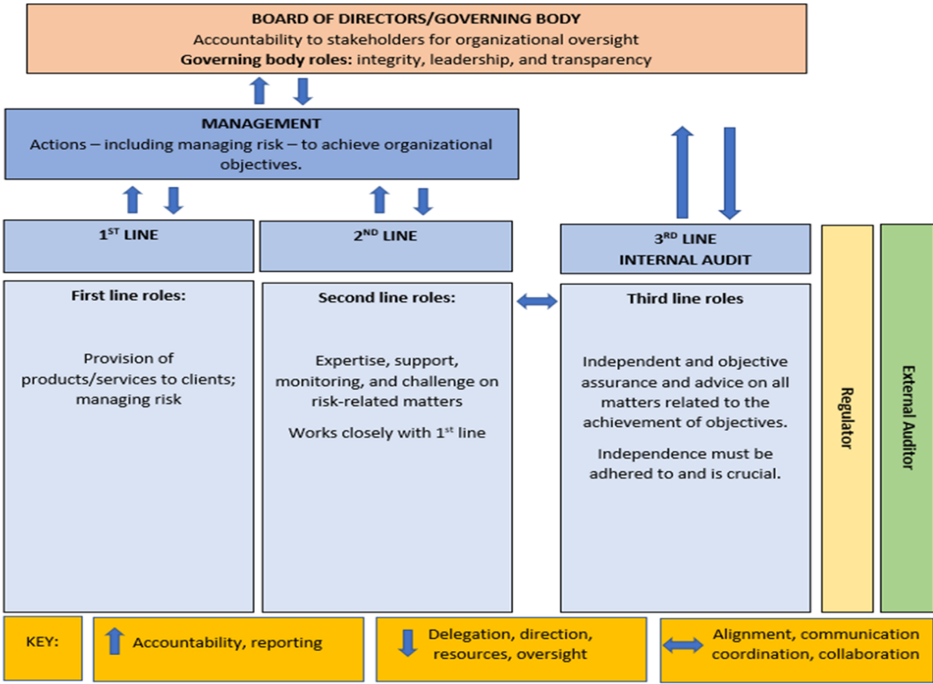


Figure 2: Three Lines Model

### 2.6.1. Risk Management Framework and Policy

Managing risk effectively in a rapidly 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 organizational controls to ensure that it:

- Undertakes adequate risk identification and management
- Establishes the necessary policies and procedures
- Sets and monitors relevant limits, and
- Complies with applicable legislation.

The Board meets on a regular basis and receives updates on risk and regulatory capital matters from management. The Board reviews at least annually, written reports concerning compliance, risk management and internal audit policies, procedures and work, as well reviews regularly 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: Risk to Client, Risk to Market and Risk to Firm.

The Risk Management Policy forms part of the Company's internal control and corporate governance arrangements. It explains the Company's underlying procedures with respect to risk management and documents the roles and responsibilities of the Board of Directors, the Risk Manager and other key parties/departments of the company. It also outlines key aspects of the risk management process and identifies the main reporting procedures.

### 2.6.2. Risk Appetite Statement

The Company defines Risk Appetite as the level of risk, by type and by business that the Company is prepared to incur given its strategic targets. Risk Appetite is defined using both quantitative and qualitative criteria and covers all risks, both on-balance sheet and off-balance sheet.

An effective risk appetite statement is empowering in that it enables the decisive accumulation of risk in line with the strategic objectives of the Company, while giving the Board and management confidence to avoid risks that are not in line with the strategic objectives.

The Company has established a robust Risk Appetite Framework. The Board expresses the Risk Appetite through a number of key measures which define the level of risk acceptable across three categories:

Risk Area	Risk Types
Financial	Credit Risk Market Risk Liquidity Risk
Reputational	Conduct Risk Customer Risk Regulatory Risk External reputational Risk
Operational and Personnel	The risk associated with the failure of key processes or systems and the risks of not having the right quality and quantity of people to operate those processes

Table 6: Risk Appetite Areas



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

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

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

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

Indicator	Business as Usual	Early Warning Indicator	Trigger
Minimum Own Fund Requirement	≥€2045k	<€2045k	<€1704k
Common Equity Tier 1 Ratio	>100%	<75%	56%
AT1 Capital Ratio	>120%	<100%	75%
Total Capital Ratio	>120%	<120%	100%

Table 7: Risk Appetite Thresholds

#### Notes

- The level of the indicator is within the acceptable limits as per the Company's risk appetite.
- The Company should take proactive actions in order to ensure that the level of the indicator will remain above the acceptable limits.
- 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.

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

The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment. Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact on the Company's profitability position.

### **2.6.3. Risk Culture**

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

The Company is committed to embedding a strong risk culture throughout the business, where everyone understands the risks they personally manage and are empowered and qualified to take accountability for them.

The Company embraces a culture where each of the business areas is encouraged to take risk based decisions, while knowing when to escalate or seek advice.

### **2.7. Risk Management Function**

The Company operates a dedicated Risk Management function/department under which the Risk Manager is responsible for implementing the Risk Management Policy, as this is set by the Board of Directors and the Risk Management Committee, ensuring that this is properly followed under the supervision and control of the said Committee.

The major objectives of the Risk Manager are the following:

- Reviewing the risk management policies and procedures implemented and maintained by the Company which identify the risks relating to the Company's activities, processes and systems and where appropriate, set the level of risk tolerated by the Company.
- Reviewing the arrangements, processes and mechanisms adopted by the Company to manage the risks relating to the Company's activities, processes and systems, in light of that level of risk tolerance.
- Monitoring the adequacy and effectiveness of the Company's risk management policies and procedures.
- Monitoring the level of compliance by the Company and its relevant persons with the arrangements, processes and mechanisms adopted.
- Monitoring the adequacy and effectiveness of measures taken to address any deficiencies in those policies, procedures, arrangements, processes and mechanisms, including failures by the relevant persons of the Company to comply with such arrangements processes and mechanisms or follow such policies and procedures.
- Ensuring that the risk management function operates independently, in accordance to the nature, scale and complexity of the Company's business.
- Preparing and submitting an annual report to the BoD and the governing body, which would give an opinion on the adequacy and effectiveness of the measures and procedures designed by the Company in order to detect any risk of failure to comply with its obligations.
- Preparing an annual risk management plan which will set up the objectives and work programme to be performed throughout the year that will determine the focus of the monitoring and will include a risk assessment of the Company.
- Maintaining risk register, identification and reporting to the BoD and Senior Management.
- Preparing the Pillar III Disclosures.
- Reviewing and updating the Internal Capital Adequacy and Risk Assessment (ICARA) report.
- Educating and training the Company's personnel of risk-related issues.

The Risk Management function/department is tasked with the following duties and responsibilities:

- Implementing policies on risk management and internal control.
- Identifying and evaluating the fundamental risks faced by the Company for consideration by the Risk Management Committee.
- Providing adequate information on a timely manner to the Risk Management Committee on the status of risks and controls.
- Providing reports to the Risk Management Committee and the Managing Director/General Manager, with details of the Company's total exposure across all instruments. These reports include information about clients' positions and the positions opened by the Company as part of its hedging activity.
- Undertaking reviews on the effectiveness of the system of internal control and providing a report to the Risk Management Committee.
- Providing training to relevant employees.

## **2.8. Compliance Function**

The Board ensures regulatory compliance through a comprehensive and pro-active compliance strategy. To this end, the Board appoints a Compliance Officer in order to establish, implement and maintain adequate and effective policies and procedures, as well as appropriate systems and controls designed to detect any risk of failure by the Company to comply with its obligations. Further to this, the Compliance Officer is responsible to put in place adequate measures and procedures designed to minimize such risk and to enable the competent authorities to exercise their powers effectively. The Compliance Officer reports to the Board of the Company.

The Compliance Officer is independent and has the necessary authority, resources, expertise and access to all relevant information.

The major objectives of the Compliance officer are:

- Liaising with all relevant business and support areas within the Company.
- Monitoring and assessing the level of Compliance risk that the Company faces, taking into account the investment and ancillary services provided, as well as the scope of financial instruments traded and distributed.
- Monitoring the adequacy and effectiveness of the measures and procedures of the Company.
- Advising and assisting the relevant persons responsible for carrying out the investment services to be in compliance with the applicable laws.
- Keeping records for all its activities performed.
- Advising on the implementation of the procedures and measures described in the Company's Manual.
- Following up on compliance audits/checks, coordinating implementation of agreed corrective measures.
- Controlling the calendar of regulatory filings and submissions, ensuring all deadlines are met.
- Ensuring that employees of the Company attend training sessions on compliance with applicable laws, rules and regulations.
- Maintaining and updating internal policies and procedures of the firm that deal with compliance matters.

## **2.9. Anti-Money Laundering Compliance Function**

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 ("TF"). The AMLCO belongs to the higher hierarchical levels 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.

The main responsibilities of the AMLCO include:

- Improving the mechanisms used by the Company for counteraction of legalization (laundering) of criminally earned income.
- Decreasing the probability of appearance among the Customers of the Company of any persons/organizations engaged in illegal activity and/or related with such persons/organizations.
- Preparing/updating the risk management and procedures manual to deal, inter alia, with cases which could be related to money laundering and terrorist financing (hereinafter, the "AML Manual").
- Receiving information from the Company's employees which are considered to have knowledge or suspicion of money laundering or terrorist financing activities.
- Providing advice and guidance to the employees of the Company on subjects related to money laundering and terrorist financing.
- Minimizing the risk of involvement of the Company in any unintended holding and realization of operations with any funds received from any illegal activity or used for its financing.
- Ensuring compliance with anti-money laundering laws and directives issued by CySEC as well as identifying and properly reporting any money laundering activity to the relevant authorities.
- Recommending to the Board of Directors any amendments necessary to the AML Policy.
- Preparing the Annual AML Report and submit it to the Board of the Directors.
- Providing necessary materials and trainings on AML and TF to the employees of the Company.

## **2.10. Internal Audit Function**

The role of the Internal Audit function is the ongoing review and evaluation of the operations and activities of the Company in all respects, as well as the provision of recommendations and advice to ensure that the Company operates at the highest standards and in accordance with best practices, while remaining in line with the applicable legal and regulatory framework. The Internal Auditor is an independent and autonomous function with direct reporting line to the Board of Directors.

The Internal Auditor is responsible for applying the Internal Control System (hereinafter, the "ICS"), which confirms the accuracy of the reported data and information. Furthermore, the role of the Internal Auditor is the programming, on an at least annual basis (as applicable), of checks on the degree of application of the required ICS.

The Internal Auditor has clear access to the Company's personnel and books. Likewise, the Company's employees have access to the Internal Auditor for the reporting of any significant deviations from the guidelines provided. The Board ensures that internal audit issues are considered when presented to it by the Internal Auditor and appropriate actions are taken. The Board ensures that all issues are dealt with and prioritized according to the Board's assessment.

The key responsibilities of the Internal Audit function include:

- Providing an objective and independent appraisal of all Company activities (financial, operational and others).
- Giving assurance to the Board on all control arrangements, including management and corporate governance.
- Assisting the Board by evaluating and reporting the effectiveness of the internal controls for which the Board is responsible and issuing recommendations and suggestions.
- Keeping records and books with regards to the internal audit work performed.
- Establishing, implementing and maintaining an audit plan to examine and evaluate the adequacy and effectiveness of the Company's systems, internal control mechanisms and arrangements.
- Submitting the Internal Auditor's annual report to the Board of Directors for review and approval.

### **2.11. Risk Management Strategy and Capital Structure**

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 Company deploys several risk management strategies in order to control its risks, which include maximum overall exposure levels and value at risk indicators.

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 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.

The Company manages its capital structure and makes adjustments, in light of any changes in economic conditions and the regulatory environment. The Capital Management framework of "Top Markets Solutions Ltd" is designed to manage its capital needs on a permanent basis. The Company has in place internal guidance in order to ensure that the capital adequacy ratio remains well above the regulatory minimum thresholds. This is achieved through the preparation on a monthly basis of accounts to monitor the financial and capital position of the Company. In addition, the Company ensures that it maintains its liquid resources at sufficient levels that exceed the minimum liquidity requirement.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit standing and healthy capital ratios in order to support its business and maximize shareholder value.

### **2.12. Internal Capital Adequacy and Risk Assessment (ICARA) Report**

The ICARA process falls under the scope of Pillar II and it is a requirement for investment firms as per article 24 of IFD, with the objective to enhance the link between a CIF's risk profile, its risk management and risk mitigation systems, and its capital and liquidity.

Pillar II establishes a process of prudential interaction that complements and strengthens Pillar I, by promoting an active dialogue between the CySEC and the investment firm such that, any inadequacies or weaknesses of the internal control framework and also other important risks, the fulfilment of which may entail threats for the Company, are identified and managed effectively with the enforcement of additional controls and mitigating measures. The ICARA is an important part of the process through which the Company's management is informed of the ongoing assessment of the Company's risks, sets mitigation measures and controls for those risks and identifies and measures current and future capital and liquidity needs, having considered the above.

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

The Company is in compliance with the ICARA requirements, based on the IFR/IFD framework, through risk management and governance framework, methodologies, processes and infrastructure.

The risk manager has informed the Board that the ICARA report preparation has been already initiated and the capital planning is designed. It is expected that the ICARA report for 2023 will be available for review and approval by the board in the 3<sup>rd</sup> quarter of 2024.

### **2.12.1. Stress Tests**

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

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

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

- Review the overall business strategy, risk appetite, capital and liquidity planning

- Review limits
- Reduce underlying risk positions through risk mitigation strategies
- Consider an increase in capital
- Enhance contingency planning

The Company performs financial modelling and stress analysis on a yearly basis as part of its ICARA especially when year-end financial results are available or when it revises its business plan based on any significant change in the business operations.

The Company has thus, reached the decision that in planning its projected Capital for Pillar II purposes for the 3 years projected period, it shall maintain the same assumptions as it did in the first year's Risk Register calculations in terms of the probability of risk occurrence and probability/impact Matrix, while it will only amend the financial impact element of each risk.

### **2.13. Information Flow on Risk Management to the Board of Directors**

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 below:

- Through the Annual Report of the Risk Manager or other reports and/or communication of risks to the Management and the Board by the Risk Manager in case of emergency and/or once a material risk emerges.
- Through the ICARA Report.
- Through decisions of the Risk Committee which are communicated to the Board.
- Through presentation of the Annual Financial Statements by the external auditors and the CFO.
- Through the Annual Compliance, Anti Money Laundering and Internal Audit reports and other reports and/or communication performed throughout the year once risks and/or deficiencies are identified.
- Through updates to the Management and the Board by the Heads of the Departments.
- Through the Suitability Report by the external auditors.

### **2.14. Board Risk Statement**

The risk strategy of the Company is to ensure substantial growth in combination with a moderate risk profile through the establishment of an effective risk management framework. The Board assesses the risk that the Company is willing to take through a number of key measures which define the level of acceptable risk across three main categories, taking into consideration the Company's size, services offered and complexity of operations:

1. Financial: Credit, Market, Interest Rate risk and Funding Liquidity risks.
2. Reputational: Money Laundering and Terrorist Financing risk, Compliance risk, Regulatory risk and Reputational risk.
3. Operational: The risk associated with the failure of key processes or systems and the risk of not having the right quality and quantity of people to operate those processes and systems including Information, Communication and Technology risk.

### 3. Capital Management and Adequacy

Throughout the year under review, the Company managed its capital structure in light of the changes in the economic and business conditions and the risk characteristics of its activities. During the 12-month accounting period to 31 December 2023, the Company complied fully with all capital and liquidity requirements.

As at 31 December 2023, the total own funds ratio of the Company was 246,58% which exceeded the minimum required threshold of 100,00% set out in Article 9 of the IFR.

(EUR)	31 Dec 2023	Reference
	(€'000)	
<b>Capital</b>		
Common Equity Tier 1	4.240	a
Additional Tier 1	-	b
Tier 2	-	c
<b>Total Own Funds</b>	<b>4.240</b>	<b>d = (a + b + c)</b>
<b>Own Funds Requirement</b>		
K-factor Requirement	1.720	e
Fixed Overhead Requirement	731	f
Permanent Minimum Capital Requirement	750	g
<b>Minimum Own Funds Requirement</b>	<b>1.720</b>	<b>h = max (e, f, g)</b>
<b>Capital Excess/Ratio</b>		
Capital Ratio	<b>246,58%</b>	<b>d/ h</b>
Capital Excess	<b>3.277</b>	<b>d - h</b>

Table 8: Capital Excess Ratio

#### 3.1. Regulatory Capital

According to IFR/IFD, regulatory capital consists of Common Equity Tier 1 and Tier 2 Capital.

##### Common Equity Tier1 Capital

According to IFD/IFR, Common Equity Tier 1 capital is made up primarily of the following:

- Ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts
- Retained earnings
- Other reserves
- Funds for general banking risk

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

- Losses for the current financial year
- Goodwill and intangible assets
- Deferred tax assets that rely on future profitability
- All investments in own CET1 instruments, whether held directly or indirectly



- Non-significant & significant holdings of CET1 capital of financial sector entities – FSEs
- Investors' Compensation Fund ('ICF') & the additional cash buffer of ICF

## Tier 2 Capital

Tier 2 capital includes:

- Capital Instruments including subordinated loans as that qualify as Tier 2 instruments
- Share premium resulting from the issue of instruments included in the Tier 2 capital
- General Credit risk adjustments of up to a maximum of 1.25% of credit risk RWAs calculated under the standardised approach

Deductions of Tier 2 capital essentially apply to the following:

- All investments in own T2 instruments, whether held directly or indirectly
- Non-significant holdings of T2 capital of FSEs (only BB holdings)
- Significant holdings of T2 capital of FSEs

## 4. 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. The Company is required to hold Own Funds in sufficient quantity and quality in accordance with the IFR & IFD prudential framework, which sets out the characteristics and conditions for Own Funds.

As per the rules set by the IFR, investment firms are required to maintain 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:

- Common Equity Tier 1 Capital of at least 56% of Own Funds Requirements.
- Common Equity Tier 1 Capital and Additional Tier 1 Capital of at least 75% of Own Funds Requirements.
- Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital of at least 100% of Own Funds Requirements.

Tables 9 and 10 have been prepared using the format set out in Commission Implementing Regulation (EU) 2021/2284 laying down implementing technical standards for the application of Regulation (EU) 2019/2033 with regard to supervisory reporting and disclosures of investment firms.

Table 9 presents the composition of the Company's Own Funds as at 31 December 2023, while Table 10 indicates how these Own Funds reconcile with the Company's unaudited Balance Sheet as of this date. As shown below, the Company's Own Funds as of 31 December 2023 consisted solely of CET1 capital resources and amounted to €4.240K.

Template EU IF CC1		(a)	(b)
31 <sup>st</sup> December 2023		Amounts (€'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements (Cross Reference to EU IF CC2)
1	<b>OWN FUNDS</b>	4.240	
2	<b>TIER 1 CAPITAL</b>	4.240	
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	4.240	

4	Fully paid up capital instruments	341	Ref. 1 (Equity)
5	Share premium	3.060	Ref. 2 (Equity)
6	Retained earnings	(1.175)	Ref.3 (Equity)
8	Other reserves	2.106	Ref.3 (Equity)
10	Adjustments to CET1 due to prudential filters	(2)	
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(17)	Ref. 3 (Assets)
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	(17)	Ref. 3 (Assets)
27	CET1: Other capital elements, deductions and adjustments	(73)	Ref.1 & 2 (Assets)
28	<b>ADDITIONAL TIER 1 CAPITAL</b>	-	
40	<b>TIER 2 CAPITAL</b>	-	

Table 9: EU IF CC1- Composition of regulatory own funds (Investment firms other than small and non-interconnected)

Template EU IF CC2				
31 <sup>st</sup> December 2023		Balance sheet as published/audited statements (€'000)	as in financial	Cross reference to EU IF CC1
<b>Ref.</b>	<b>Assets</b>			
	<b>Total Assets</b>		<b>4.470</b>	
	<i>of which:</i>			
1	Financial assets at fair value through profit or loss		57	Ref. 27
2	Additional Cash Buffer		16	Ref. 27
3	Deferred tax assets		17	Ref. 20
<b>Ref.</b>	<b>Liabilities</b>			
	<b>Total Liabilities</b>		<b>138</b>	
<b>Ref.</b>	<b>Shareholders' Equity</b>			
	<b>Total Equity</b>		<b>4.332</b>	
	<i>of which:</i>			
1	Share capital		341	Ref. 4
2	Share premium		3.060	Ref.5
3	Reserves		931	Ref.6

Table 9: EU IFCC2 - Own funds: reconciliation of regulatory own funds to balance sheet in the Unaudited audited financial statements

## 5. Capital Requirements – Principal Risks

In accordance with the Investment firm regulation, the Capital Requirement for the company is the highest of the following:

- Fixed Overheads Requirement (“FOR”)
- Permanent Minimum Capital Requirement (“PMCR”)
- K-Factor Requirement

As at 31<sup>st</sup> December 2023, the Company's Capital Requirement was equal to the K-Factors Requirement and amounted to €1.720K.

### **5.1. Fixed Overheads Requirement ("FOR")**

The Company's policy is to monitor the FOR at least on an annual basis, based on audited Financial Statements. The Company calculates FOR by taking the one quarter of the audited fixed overhead expenses of the preceding year in accordance with the provisions of Article 13 of the IFR. The Fixed Overheads Requirement as at 31<sup>st</sup> December 2023 amounted to €731K.

### **5.2. Permanent Minimum Capital Requirement ("PMCR")**

The Company's policy is to monitor on a continuous basis its Own Funds and ensure that they remain at least above the Permanent Minimum Capital Requirement of €750K, which corresponds to the initial capital that applies to the Company, in accordance with Article 9 of the IFD.

### **5.3. K-Factor Requirement**

The Company calculates its overall "K-factor" capital requirement on a continuous basis which is the sum of "K-factor requirements" grouped in three categories: Risk-to-Client (RtC), Risk-to-Market (RtM), Risk-to-Firm (RtF), in accordance with Articles 16 through to 33 of the IFR (and as described in further detail in Section 3). The total K-Factors as at 31<sup>st</sup> December 2023 amounted to €1.720K.

31 <sup>st</sup> December 2023 K-Factor Requirement		K-Factor Requirement €'000
Risk-to-Client (RtC)	K-AUM	-
	K-CMH	33
	K-ASA	-
	K-COH	1
Risk-to-Market (RtM)	K-NPR	1.497
	K-CMG	-
Risk-to-Firm (RtF)	K-TCD	184
	K-DTF	5
	K-CON	-
<b>Total K-Factor Requirement</b>		<b>1.720</b>
<b>Fixed Overhead Requirement ('FOR')</b>		<b>731</b>
<b>Permanent Minimum Capital Requirement ('PMCR')</b>		<b>750</b>

Table 11: Minimum Capital Requirements

The below is a list of Principal risks related to K-Factors applicable to the Firm.

### **Risk-To-Client ('RtC')**

Risk to Client ("RtC") is the risk that an investment firm poses to its clients in the event where it fails to properly carry out the services being offered to them. It reflects the risk covering the business areas of investment firms from which harm to clients can conceivably be generated in case of problems.

There are four K-factors through which some of the core aspects of RtC are being captured and measured, and which act as proxies that cover the specific business areas that are referred to above. These K-factors consist of the following:

- **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. As the Company did not provide portfolio management or investment advice services during the year ending 31<sup>st</sup> December 2023, the Company was not subject to the risk relating to this K-factor.
- **K-CMH (Client 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 provide that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm. As part of its business, the Company receives from its customers, cash deposits to enable them to perform transactions in financial instruments and to this end, it is subject to the risk captured by this K-factor.

- **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 their own balance sheet or in third-party accounts. As of 31<sup>st</sup> December 2023, the Company was not subject to the risk relating to this K-factor
- **K-COH (Client Orders Handled)** – Captures the potential risk to clients of an investment firm which executes orders in the name of the client.  
Failure to carry out its services or operations correctly will be a key risk that the Company would need to manage. The negative impact on clients of this failure could be substantial if not managed appropriately. As of 31<sup>st</sup> December 2023, due to minor exposure, the Company was subject to the risk relating to this K-factor

## **Mitigation measures**

### *K-COH (Client Orders Handled)*

Execution of orders on behalf of clients means acting to conclude agreements to buy or sell one or more financial instruments on behalf of the clients. Only the Company's employees who have the certificates of competency for execution of orders should perform these duties, otherwise, relevant certificate should be obtained within two examination sittings from the date of employment. Unless otherwise instructed by the client, the order shall follow the Company's execution policy. All accepted orders shall be executed on the basis of equal terms for the clients and of the client's interest priority over the Company's interests at the execution of transactions.

In the cases when the Company has discretion as to when and how to submit incoming clients' orders for execution, the Company shall not be permitted to carry out a client order in aggregation with another client's order unless it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated.

In the cases when the Company has discretion as to when and how to submit incoming clients orders for execution, the Company shall develop an order allocation policy which establishes precise terms for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions where the Company aggregates an order with one or more other client orders and the aggregated order is partially executed, it allocates the related trades in accordance with its order allocation policy.

## **Risk-to-Market ('RtM')**

Risk to Market ("RtM") is the risk that an investment firm poses to the financial markets that it operates in and the counterparties that it trades with.

There are two K-factors that capture the principal risks under RtM:

- **K-NPR (Net Position Risk)** – This k-factor is based on the rules for Market Risk for positions in equities, interest rate financial instruments, foreign exchange and commodities in accordance with Regulation (EU) No. 575/2013 ("CRR"). Therefore, K-NPR captures the Market Risk, which is defined as the risk that changes in market prices will affect the Company's income or the value of its holding of financial instruments. The Company's exposure to market risk at any point in time depends primarily on short-term market conditions and client activities during the trading day.

The Company is subject to Market Risk as a result of its trading activities where it acts as a counterparty to its clients' CFD and real equity transactions. The Company is therefore exposed to losses in the case where adverse market movement cause the value of its open positions to decline. This K-Factor applies to the Company.

- **K-CMG (Clearing Margin Given)** – This is an alternative to K-NPR to provide for market risk for trades that are subject to clearing as set out in Article 23 of IFR. CMG means the amount of total margin required by a clearing member or qualifying central counterparty, where the execution and settlement of transactions of an investment firm dealing on own account take place under the responsibility of a clearing member or qualifying central counterparty. Bearing in mind the Company's size of relevant operations during 2023, this K-factor is not applicable to the Company.

## **Mitigation Measures**

### ***K-NPR (Net Position Risk)***

As of 31 December 2023, the Company's total market risk are covered adequately enough by Company's own funds level. One of Company's primary objectives is to ensure that the exposure through market volatility does not lead to unacceptable losses outside of its risk appetite. The Risk Manager frequently and closely monitor any deviations from the current risk capacity.

### **Risk-to-Firm ('RtF')**

Risk to Firm ("RtF") captures an investment firm's exposure to the Risk of Default of its Trading Counterparties (K-TCD), the Concentration Risk arising from its exposures to counterparties and their connected persons (K-CON) and Operational Risks from its Daily Trading Flow of transactions (K-DTF).

There are three K-factors that capture the key aspects of RtF, namely:

- **K-TCD (Trading Counterparty Default)** – K-TCD captures the Counterparty Credit Risk arising from an investment firm's exposure to the default of its trading counterparties. In particular, it looks at the risk of losses arising from the default of a counterparty with which a company maintains open Trading Book positions in derivatives and other specified transactions, and includes positions with both clients and liquidity providers, this K-factor is applicable to the Company.
- **K-DTF (Daily Trading Flow)** – K-DTF captures the Operational Risk related to the value of trading activity that an investment firm conducts. It reflects the risk of transactions that an investment firm enters through dealing on own account or executing orders on behalf of clients in its own name (and not on behalf of the client as an agent). The Company was subject to this K-factor.
- **K-CON (Concentration Risk)** – K-CON seeks to apply additional own funds to manage concentration to a single counterparty / issuer of financial instruments or a group of connected counterparties / issuers to which a company incurs Trading Book exposures. This K-factor is not applicable to the Company.

## **Mitigation Measures**

### ***K-DTF (Daily Trading Flow)***

Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company's

systems are evaluated, maintained and upgraded continuously. The Company has developed processes, management tools and a control infrastructure to enhance the Company-wide control and management of the operational risks that are inherent in its various activities.

## 6. Liquidity Requirement

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses.

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 Unaudited financial statements, the Company has the following liquid assets which is well above the one third (1/3) of the total fixed overheads requirement.

31 <sup>st</sup> December 2023	€'000
Liquid Assets	946
<b>Total</b>	<b>946</b>
Requirement (1/3 of Fixed Overheads Requirement)	244
<b>Surplus</b>	<b>702</b>

*Table 92: Liquidity Requirement*

As at 31st December 2023 the Company's liquid assets mainly constituted by unencumbered short-term deposits and were above 1/3 of the total fixed overheads requirement and as such, the Company satisfied the liquidity requirement.

## 7. Other Risks

### 7.1. Fixed Overheads Risk

Fixed Overheads Risk is the risk that the company holds sufficient eligible capital to accommodate fluctuations in a firm's levels of business. The requirement is to hold eligible capital of at least one-quarter of the fixed overheads of the previous year. For the operational risk in relation to the capital adequacy returns, the Company now uses the fixed overhead requirement, which is taken into account only in the case where it is the highest between FOR, K-Factor and PMCR.

The risks and uncertainties faced by the company are those inherent to the industry. The Board seeks to mitigate this risk by constant review and strict control of fixed overhead costs by optimising resources and reducing unnecessary expenses.

As at 31 December 2023, the Fixed Overhead Requirement was €731k based on the audited Financial Statements.

## **7.2. Operational Risk**

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

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

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

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

The Company recognises that the control of operational risk is highly dependent on the effective and efficient management practices and high standards of corporate governance. To that effect, the management of operational risk is geared towards:

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

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

- The development of operational risk awareness and culture
- The provision of adequate information to the Company's management, in all levels, in order to facilitate decision making for risk control activities
- The implementation of a strong system of internal controls to ensure that operational losses do not cause material damage to the Company and have a minimal impact on profitability and objectives
- The improvement of productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value
- Established a "four-eye" structure and board oversight. This structure ensures the separation of power regarding vital functions of the Company namely through the existence of a Senior Management. The Board further reviews any decisions made by the Management while monitoring their activities
- Detection methods are in place in order to detect fraudulent activities
- Maintains a Business Continuity Plan.



### **7.3. Pandemic Risk**

Further to the developments of the COVID-19 outbreak, which was a major worldwide issue, the Company followed all of the government and health authorities' guidelines and instructions, regarding the protection measures against the virus. Moreover, the company implemented additional health and safety measures enabling the company to continue its operations in a smooth and moderate manner.

Furthermore, the company has adapted a dynamic business model, ready to withstand possible market volatilities and anomalies, that are caused due to a future outbreak of COVID-19 or of a similar nature virus.

### **7.4. Political Risk**

As described above in detail, the geopolitical developments considerably affected the industry.

The geopolitical situation in the Eastern Mediterranean entered an environment of uncertainty on 7 October 2023 with the terrorist attack against Israel. This follows Russia's invasion to Ukraine on 24 February 2022.

The current situation in Israel remains fluid, yet initial market sentiment suggests a lack of apprehension regarding a recurrence of severe adverse impacts on the global economy.

The continuation of Russia's invasion to Ukraine and the corresponding continuation of sanctions imposed against Russia, Belarus and organizations /individuals friendly to the Russian government as a pressure measure to prevent this situation has had a negative impact on global markets and especially on sectors such as agriculture (grain), livestock, energy (embargo on Russian oil) and tourism. However, the current situation seems to have stabilized. There is still concern about inflationary pressures and rising interbank interest rates as leverage to reduce inflation.

The Company's governance and controls that are in place aim to protect the company from risks associated with the said conflict. The conflict had no effect on the company's operations and financial performance.

### **7.5. Credit Risk**

Credit risk may be defined as the risk of losses due to credit events, i.e., default (an obligor being unwilling or unable to repay its debt) or a change in the quality of the credit (rating change if applicable). It arises from all transactions where actual, contingent, or potential claims against any counterparty, borrower, obligor, or issuers (which are referred to collectively as "counterparties") exist.

According to Company's risk identification and materiality assessment process of risk exposures, credit risk contains five material categories, namely default risk, industry risk and country risk, mitigation risk and concentration risk, in which the Company is more likely to be exposed.

The Company measures, manages/mitigates and reports/monitors the credit risk using the following philosophy and principles:

- Measure and consolidate all credit exposures to each obligor, in line with regulatory requirements.
- Prevent undue concentration and large unexpected losses by maintaining a diversified credit portfolio, meaning that clientele, industry, market activities, etc. are assessed and managed in accordance to our risk appetite statement. This process implies credit due diligence of all counterparties, obligors, country, etc.

## **7.6. Market Risk**

Market Risk is defined as the risk of loss due to a downside deviation of the value of an investment/ financial instrument or portfolio of such instruments such that it has been affected by changes in the level or in the volatility of market prices i.e., interest rates, exchange rates, inflation, equity and commodity prices.

During 2023 the CIF had significant activity as it acted as a Dealing on Own Account broker and took risks on traded instruments as a principal in line with its license status.

### **7.6.1. Foreign Currency Risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Argentine Pesos, Australian Dollar, Brazilian Real, Bulgarian Lev, US Dollar, Canadian Dollar, Czech Koruna, Danish Krone and Egyptian Pound .The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

### **7.6.2. Market Interest Rate Risk**

Interest Rate Risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to Interest Rate Risk in relation to deposits with banks, however bank balances are held in current accounts, bearing insignificant interest. The Company's management nevertheless monitors the interest rate fluctuations on a continuous basis and acts accordingly.

## **7.7. Business (Strategic) Risk**

Business Risk refers to anything that could threaten the Company's financial health. Strategic Risk is the risk of a potential earnings downside due to revenues and/or costs underperforming plan targets. Strategic Risk may arise from poor strategic positioning, failure to execute strategy or lack of effective responses to material negative plan deviations caused by either external or internal factors (including macro, financial and idiosyncratic drivers). Strategic Risk has been defined as part of overall Business Risk.

The key aim of Strategic Risk Management is to strengthen the Company's earnings resilience and protect it against undue earnings volatility to support overall risk appetite targets (especially Total Capital ratio). The Company aims to achieve this by identifying, assessing, limiting, mitigating, and monitoring key strategic risks through:

Corporate Diversification: The Company's growth strategies will be formulated to achieve both economic value creation and diversification benefit.

Strategic Alignment and Core Competence Focus: The Company will focus on business investments that are consistent with the overall strategy and core competencies.

Customer Experience: The Company strives to offer a superior customer experience both online and in-service centres.

During the year, the Company has not been largely exposed to strategic risk, however, due to the geopolitical developments that affect the industry, the Company should closely monitor its business risk as this could increase substantially if not careful with the onboarding of clients.

### 7.8. Reputational Risk

Within the risk management process, the Company defines reputational risk as the risk of possible damage to the Company's brand and reputation, and the associated risk to earnings, capital or liquidity, arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with the firm's values and beliefs.

The Company aims to achieve this by identifying, assessing, limiting, mitigating and monitoring key reputational risks through:

- **Customer Perspective:** The Company will enhance its customers' experience when doing business with them and address any issues in a timely and effective manner. A Client complaints policy is in place in order to provide any possible assistance needed.
- **Employee Perspective:** The Company will strive to be the employer of choice in its industry and maintain a high level of employee satisfaction.
- **Shareholder Perspective:** The Company will deliver superior shareholder returns and create significant shareholder value by allocating capital to the highest risk-adjusted return opportunities.
- **General Public and Media Coverage:** The Company will closely follow coverage in the press, social media, and other public forums to monitor reputational risk levels.

While every employee has a responsibility to protect the Company's reputation, the primary responsibility for the identification, assessment, management, monitoring and, if necessary, referring or reporting, of reputational risk matters lies with Senior Management. Each employee is under an obligation, within the scope of his/her activities, to be alert to any potential causes of reputational risk and to address them according to the Framework. If a potential reputational risk is identified, it is required to be referred for further consideration from the Senior Management. In the event that a matter is deemed to carry a material reputational risk, it must be referred to the Board of Directors.

During the year 2023, the Company did not face any negative events that could compromise its reputation to the domestic and foreign financial markets.

### 7.9. Compliance and Regulatory Risk

Compliance Risk is defined as the current or prospective risk to earnings and capital arising from violations or noncompliance with laws, rules, regulations, agreements, prescribed practices, or ethical standards and can lead to fines, damages and/or the voiding of contracts and can diminish an institution's reputation.

The Compliance Officer manages this risk by:

- **Ethics Policy:** The Company has zero tolerance for violations of its corporate ethics policy.
- **Open Regulatory Findings:** The number of open regulatory findings will be maintained within an acceptable level.
- **New Legal Matters Opened:** The number of new legal matters opened will be maintained within an acceptable level.

- **Legal and Compliance Cost:** The Company will control the direct cost for resolving legal and compliance issues, including fines, settlements, penalties, and outside legal and regulatory advisory expenses.
- **Reviews:** The Compliance Officer regularly reviews and examine in detail the compliance level of certain functions of the Company in order for any weaknesses/deficiencies to be completely identified and eliminated.

Compliance Risk might have a negative impact on Company's reputation and thus expansion and business opportunities may decrease resulting to a decrease in the Company's value and share of the market. To this end, the Company takes into consideration the Internal Auditor's and Compliance Officer's suggestions and takes all necessary remedial actions/measures in order for the Company to be in line with the regulatory framework applied.

Regulatory Risk is defined as the current or prospective risk to earnings and capital arising from violations or noncompliance with laws, rules, regulations, agreements, prescribed practices, or ethical standards and can lead to fines, damages and/or the voiding of contracts.

The Company manages regulatory risk by close monitoring of regulatory development and market/public sentiment, working constructively with governments to advocate the CIF's position on regulatory changes, mobilising internal resources to ensure timely responses to regulatory changes and maintaining regulatory compliance and oversight, communicating and highlighting the importance of a balance between a reliable and safe services.

#### **7.10. Information Communication Technology, Data Protection and Cyber - Security Risk**

Information and communication technology ("ICT") risk means the current or prospective risk of losses due to the inappropriateness or failure of the hardware and software of technical infrastructures, which can compromise the availability, integrity, accessibility and security of such infrastructures and of data.

Further to the recent pandemic issues, the company has adapted remote working policies. As many companies adapted such policies, cyber criminals, cyber criminals are increasingly targeting all manner of businesses whose staff are working from home. Different numbers of risks arise with such policies mainly concerning data leakage.

In order to mitigate such risks, every employee is using a virtual private network ("VPN"), in order to encrypt data in case of access to the internet in a public network and offer some protection against cyber attacks. The company has also installed antivirus on all its devices.

The Company maintains generally adequate systems, whilst procedures for access level authorisation in electronic systems/databases are properly in place. In addition to this, the Company has taken and implemented measures regards to back-up systems, maintenance, data protection procedures and disaster recovery plan.

Failure to secure the information systems and data could result in operational disruptions, financial losses, reputational damage with existing and new customers, etc. Non-compliance with data protection laws can result in litigations. The Company, continues to invest in new facilities and infrastructure and in upgrading existing ones to ensure their integrity and availability in case of adverse events.

As a Class 2 – 750K firm, and according to circular C571 of CySEC:

- i. The management body is required to ensure that it has adequate internal governance and internal control framework in place for its ICT and security risks. The management body should set clear roles and responsibilities for ICT functions, information security risk management, and business continuity, including those for the management body and its committees.
- ii. A CIF should assign the responsibility for managing and overseeing ICT and security risks to a control function, adhering to the requirements of Section 19 of the EBA Guidelines on internal governance (EBA/GL/2017/11).
- iii. The CIF's governance, systems and processes for its ICT and security risks should be audited on a periodic basis by auditors with sufficient knowledge, skills and expertise in ICT and security risks to provide independent assurance of their effectiveness to the management body. The frequency and focus of such audits should be commensurate with the relevant ICT and security risks. The management body of the CIF should approve the audit plan, including any ICT audits and any material modifications thereto.

The Head of Compliance has been appointed as Data Protection Officer ("DPO"). Conflicts of interest have been checked and do not apply. The ICT audit will be completed by 30/06/2024 and an ICT Officer is to be externally appointed in the very near future.

#### **7.11. General Data Protection Regulation ("GDPR") Risk**

The GDPR requires that personal data must be processed securely using appropriate technical and organisational measures. The regulation does not mandate a specific set of cyber security measures but rather expects any entity to take 'appropriate' action. The approach is based on four top level aims:

- manage security risk
- protect personal data against cyber attack
- detect security events, and
- minimise the impact

In order to mitigate GDPR risk, the company has established a Data Protection Policy which processes the data under an established data handling policy while taking appropriate measures to protect the personal data handled. The security measures are designed into the company's systems (Privacy by Design) and will be maintained effective throughout the life of the system.

#### **7.12. Large Exposures (Concentration) Risk**

Concentration risk refers to exposure(s) that may arise within or across different risk categories throughout an entity with the potential to produce losses large enough to threaten the entity's health or ability to maintain its core operations, or a material change in an entity's risk profile.

The definition should encompass the sub-types of credit concentrations as being addressed below, including any exposures to same counterparties, groups of connected counterparties, and counterparties in the same economic/financial sector, geographic region or from the same activity, and the application of credit risk mitigation techniques. Therefore, the Company defines these sub-types and apply mitigation techniques as below:

- Intra-risk concentration: refers to risk concentration that may arise from interactions between different risk exposures within a single risk. In order to avoid any undue concentrations, the Company follows a quantitative and qualitative approach, at which intra-risk concentrations are assessed,

monitored and mitigated by the individual risk disciplines (credit, market, operational risk management, etc).

- Inter-risk concentration: refers to risk concentration that may arise from interactions between different risk exposures across different risk categories. As in the intra-risk concentration, the Company follow this approach in order to managed inter-risk concentrations through quantitative and qualitative assessments, identifying and assessing risks and providing a holistic view across the Company.

Since Concentration risk can have an impact on an entity's capital, liquidity and earnings, the Company integrated the management of these risks into its risk management framework, monitored on an ongoing basis and diversification takes place of its counterparties.

Practically, in accordance with Article 37 of the IFR, the Company is not exposed to large exposures. Furthermore, according to Paragraph 1 of the abovementioned Article, for the prudential supervision of investment firms, the Company is not allowed to have exposures to institutions of more than 100% of the total eligible capital and to non-institutions of more than 25% of the total eligible capital.

### **7.13. Environmental Social and Governance ("ESG") Risk**

From 26 December 2022, investment firms which do not meet the criteria referred to Paragraph 26(8)(a) of the Law shall disclose information on environmental, social and governance risks, including physical risks and transition risks as per Article 35 of IFD.

The Company does not meet the condition of Paragraph 26(8)(a) of the Law and as such it is exempted from disclosures regarding ESG.

## **8. Remuneration Policy**

The Company has established a remuneration policy in accordance with the relevant legal and regulatory requirements, in a way and to the extent that it is appropriate to the Company's size, internal organization and the nature, scope and complexity of its activities.

The remuneration policy aims to provide for sufficient incentives so as for the personnel of the Company, including key persons, to achieve the business targets, to 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 miss-selling practices in light of financial incentives, which could lead to compliance risks for the Company in the long-run.

The Board of Directors, in its role as the governing body, assumes several key responsibilities related to the remuneration policy. It addresses any queries arising in relation to the policy and oversees its implementation. Further, the Board in consultation with Senior Management approves and provides oversight on the remuneration principles of various key positions within the organization. This includes approving the remuneration principles of the senior management team, highest paid staff, and individuals in essential control functions such as the Risk Manager, compliance and internal audit function. The Senior management is responsible and retains the ultimate responsibility for the day to-day implementation of the remuneration policy and the monitoring of compliance risks related to the policy.

## 8.1. Remuneration System

The remuneration package generally consists of fixed remuneration – compensating employees on a monthly basis – in the form of a base/fixed salary. The remuneration package may furthermore consist of the possibility of variable remuneration. The remuneration components are balanced in order to ensure a flexible variable remuneration package and a sound and efficient risk management. It is noted that currently the staff engaged in control functions do not receive any variable remuneration.

Any variable remuneration that was possibly awarded in 2023 would be included in the remuneration package/agreement of the employee.

During 2023, the Company's remuneration system is concerned with practices of the Company for those categories of staff whose professional activities have a material impact on its risk profile, i.e. the Senior Management, members of the Board of Directors and the Heads of the Departments; the said practices are established to ensure that the rewards for the 'Executive Management' provide the right incentives to achieve the key business aims.

	No. of persons	EUR ('000s)		
		Fixed	Variable	Total
Senior Management <sup>1</sup> (Executive & Non-Executive Directors)	5	542	-	542
Other staff <sup>2</sup>	13	541	-	541
<b>Total</b>	<b>17</b>	<b>1.083</b>	-	<b>1.083</b>

Table 103: Aggregate Quantitative Information on Remuneration for Risk Takers

<sup>1</sup> Senior Management includes the Executive Directors and fees paid to one non-Executive Directors.

<sup>2</sup> The "Other staff" category includes the AML Compliance Officer, Head of Compliance Department, Compliance Officer, Head of Operations, Head of Back Office, Head of Dealing on Own Account, Senior Dealer (RTOE), Project Manager, Portfolio Manager, Three IT Managers and the Head of Internet Marketing Department.

During 2023 the Company did not provide any non-cash benefits. In addition, the Company did not award any deferred remuneration in 2023 or in previous performance periods, that was due to vest in 2023 or in subsequent years. No severance or sign on payments were paid by the Company for 2023.

## 9. Appendix - Template EU IF CCA

		a
		<i>Common Equity Tier 1 Capital</i>
1	Issuer	Top Markets Solutions Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
6	Amount recognised in regulatory capital (as of most recent reporting date)	€ 3.401.200
7	Nominal amount of instrument	341.200
8	Issue price	Various
9	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Various
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	No
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A



38	Link to the full term and conditions of the instrument (signposting)	N/A
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*Table 114: Template EU IF CCA: Own funds: main features of own instruments issued by the firm*