Sheer Markets (Cyprus) Ltd

CIF License No. 395/20

DISCLOSURE AND MARKET DISCIPLINE REPORT FOR THE YEAR 2021

DISCLOSURE

The Disclosure and Market Discipline Report for the year 2021 has been prepared by Sheer Markets (Cyprus) Ltd as per the requirements of Regulation (EU) 2019/2033 (the "Investment Firms Regulation", "IFR") issued by the European Commission and the Law 165(I)/2021 on the prudential supervision of investment firms ("L.165(I)/2021") issued by the Cyprus Securities and Exchange Commission.

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

Sheer Markets (Cyprus) Ltd is regulated by the Cyprus Securities and Exchange Commission under License number 395/20.

Contact Us

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

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

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Abbreviation	Full description
BoD	Board of Directors
CAR	Capital Adequacy Ratio
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1
CIF	Cyprus Investment Firm
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
ICF	Investors Compensation Fund
IFD	Investment firm Directive
IFRS	International Financial Reporting Standards
IOM	Internal Operations Manual
MIFID II	Markets in Financial Instruments Directive 2014/65/EU
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

1. Introduction

1.1. Investment Firm

Sheer Markets (Cyprus) Ltd operates as a CIF with license number 395/20 since the 18th of December 2020 and its head office is located at 12 Archiepiskopou Makariou III, Kristelina Tower, Office 301, Mesa Geitonia, Limassol, 4000.

COMPANY'S INFORMATION	
CIF AUTHORIZATION DATE	18/12/2020
CIF LICENSE NUMBER	CIF395/20
COMPANY REGISTRATION DATE	29/11/2019
COMPANY REGISTRATION NUMBER	HE 404686

The Company has been informed about the granting of its CIF authorization on the 7th of January 2021, which was after the date of authorization, i.e. 18 December 2020.

As at the end of the year 2021, the Company was authorised to provide the following investment and ancillary services:

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
- 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

The Company is authorized to provide the aforesaid services in relation to the following financial instruments outlined under Part III of the First Appendix of Law L87(I)/2017:

(a) 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 (FI-4);
(b) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event (FI-5); and
(c) Financial contracts for differences (FI-9).

The Company offers investment and ancillary services in its capacity as principal in relation to Contract for Differences (hereafter the "**CFDs**") on foreign exchange, equities, indices, commodities, NDFs and virtual currencies. The respective services are provided only to residents of the EU Member States (*excluding Belgium and France*) and Malaysia via the website www.sheermarkets.com using the trading platform Metatrader5. It is also noted that the Company maintains the additional domains www.sheermarkets.net, www.sheermarkets.eu, www.ndfstreaming.com and www.sheercxchange.com which are currently not used.

1.2. Purpose

The present report is prepared by Sheer Markets (Cyprus) Ltd (the "Company"), a CIF authorized and regulated by the Cyprus Securities and Exchange Commission (the "CySEC" or the "Commission") under the license number 395/20 and operates in harmonisation with MiFID II.

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

This document is prepared on a solo basis and it 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.). CySEC is responsible for implementing and enforcing the European Capital Requirements legal framework, a capital adequacy framework consisting of three 'pillars', as specified below:

- **Pillar I** sets minimum capital requirements comprising of base capital resources requirements, including risk to client, risk to market and the FOH requirement.
- **Pillar II** requires firms to undertake an overall internal assessment of their capital adequacy and liquid assets, considering all the which the firm is exposed to and whether additional capital should be held to cover risks not adequately covered by Pillar I requirements. This is achieved through the Internal Capital Adequacy Assessment Process ("ICAAP") / Internal Capital Adequacy Assessment Process and Internal Risk Assessment Process.
- **Pillar III** complements Pillars I and II and improves market discipline by requiring firms to disclose information on their capital resources and Pillar I capital requirements, risk exposures and their risk management framework.

The Pillar III Disclosures Report for the year 2021 sets out both quantitative and qualitative information required in accordance with part six of the IFR and in particular articles 46 to 53, which set the requirements of the disclosures.

The information contained in the Pillar III Market Discipline and Disclosure Report is audited by the Firm's external auditors and published on the Company's website at www.sheermarkets.com on an annual basis.

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

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

The Company is making the disclosures on a solo basis. This report has been prepared using the audited Financial Statements.

1.3. The Company

Sheer Markets (Cyprus) Ltd, as a CIF, operates in Cyprus, offering an extremely competitive product range which includes CFDs on different underlying asset classes such as Foreign Exchange, Commodities, Stocks, Cryptocurrencies and Stock Indices. Furthermore, Sheer Markets make available streaming liquidity in non-deliverable currency CFD's to a broader group of Traders. The Company, as at the end of 2021, employed 14 persons, who were working from the head office of the Company located in Cyprus.

The Company has a stable business model and this is reflected in a well-balanced capital allocation between the Company's operations.

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

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

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

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

1.4. Regulatory Supervision

The minimum capital requirements as at 31 December 2021 were calculated in accordance with the 'Pillar I' rules as set out by the Laws and Regulations, published by the CySEC as well as IFR. All CIFs under CySEC's authority must meet the requirements with respect to capital adequacy and market discipline, which are comprised by the following:

- Law L.165(I)/2021: Prudential supervision of investment firms (hereafter "the Law on prudential supervision of investment firms");
- Law 87(I)/2017: Provision of investment services, the exercise of investment activities, the operation of regulated markets and other related matters (hereafter "the Law");
- Regulation (EU) No. 2019/2033: Prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014;
- Regulation (EU) No. 575/2013: Prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (the "CRR");
- Regulation (EU) No. 648/2012: European Markets Infrastructure Regulation;
- Directive (EU) 2019/2034: on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU and 2014/65/EU;
- Directive (EU) 2019/878: amending the Capital Requirements Directive IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (the "CRD V");
- Directive 2013/36/EU: on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (the "CRD IV");
- Law L.97(I)/2021 on the capital adequacy of investment firms;
- Directive DI-97-01 regarding the discretions provided by Regulation (EU) 575/2013.

1.5. Main Regulatory Changes in 2021

Further to the provisions of Circular C355 regarding the new prudential framework for investment firms, on the 5th of December 2019 the new prudential framework for investment firms, which replaced the previous prudential requirements of investment firms currently set out in CRR and CRD IV, was published in the Official Journal of the European Union. The new prudential framework mainly comprised of the IFR and IFD, and became directly applicable to all EU Member States, on the 26th of June 2021.

The new prudential regime for investment firms introduced new classifications for investment firms based on their size, activities, systemic importance and interconnectedness. Under the new prudential regime and the assessment performed by the Risk Manager of the Company, Sheer Markets is deemed a Class 2 investment firm and is subject to the new capital requirements set out in the IFD and IFR.

In addition to the above, a new permanent capital has been introduced by the new prudential regime for the Company. In this respect, the Company proceeded by taking all the necessary actions to ensure compliance with the new permanent capital requirement, which is EUR 750.000. Moreover, the K-factor requirement has been introduced, for the purposes of evaluation of the risks faced, from firm and client perspective, including the risks of the markets in which it operates. The K-factor requirement is customized to the investment firms based on the type and scale of their activities. The capital requirement therefore considers the K-factor components that are relevant to the services and activities that it is authorised to provide. Additionally, the Company is also subject to the Fixed Overheads requirement calculated in accordance with Article 13 of the IFR. It is measured on the basis of the Company's activity of the precenting year and shall amount to at least one quarter of the fixed overheads of the previous financial year. In addition to the permanent capital and t K-factor requirements, the Company is subject to the new liquidity requirement introduced by the new prudential regime which intends to ensure that the Company has some resilience to unexpected liquidity shocks.

2. Governance and Risk Management

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

The implementation of a high-performance and efficient risk management system is a critical undertaking for the Company, as well as the balance between strong risk culture and the development of its activities. The Company operates a separate Risk Management function, which is responsible for the implementation of the Risk Management Policy, set by the BoD. The Risk Management Function is also responsible for the Risk Appetite of the Company and the monitoring of the risks on a regular basis. The procedures set by the Company ensure that all risks are effectively managed and measured against the set level of risk tolerance.

The Risk Management Function consists of the Risk Manager, which operates independently to the rest of the Company's functions, and it is outsourced to Fincap Advisers Ltd. The Risk Manager reports to the Senior Management and BoD on a frequent basis, and at least annually, indicating whether the appropriate remedial measures have been taken in the event of any deficiencies identified throughout the year. The Risk Management function can report directly to the BoD, independently from Senior Management, in order to raise concerns and warn where appropriate, if risks identified can affect the Company.

2.1. Types of Risks

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

- **Credit and Counterparty risk** (including Country risk): risk of losses arising from the inability of the Company's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes Counterparty risk linked to market transactions (Replacement risk) and securitisation activities. In addition, Credit risk may be further amplified by Concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of counterparties; Country risk arises when an exposure (loan, security, guarantee or derivative) becomes liable to negative impact from changing political, economic, social and financial conditions in the country of exposure.
- **Market risk**: risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets, including real estate assets.
- **Operational risks** (including Accounting and Environmental risks): risk of losses arising from inadequacies or failures in internal procedures, systems or staff, or from external events, including low-probability events that entail a high risk of loss.

- **Risk to Client** risks carried by an investment firm during its services, actions or responsibilities, that could negatively impact its clients. RtC captures the risks arising from the clients assets under management and ongoing advice, client money held, assets safeguarded and administered and client orders handled.
- **Liquidity risk**: risk of the Company not being able to meet its cash or collateral requirements as they arise and at a reasonable cost.
- **Compliance risk** (including Legal and Tax risks): risk of legal, administrative or disciplinary sanction, or of material financial losses, arising from failure to comply with the provisions governing the Company's activities.
- **Reputational risk**: risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Company's ability to maintain or engage in business relationships and to sustain access to sources of financing.
- **Strategic risk**: risks inherent in the choice of a given business strategy or resulting from the Company's inability to execute its strategy.
- **Business risk**: risk of lower than anticipated profits or experiencing losses rather than a profit.

2.2. Risk Appetite

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

The Risk Appetite Framework takes into account earnings sensitivities to business cycles and credit, market and operational events. The Risk Appetite is one of the strategic oversight tools available to the Management bodies. It underpins the budgeting process and draws on the ICAAP, 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:

1. Governance (decision-making, management and supervisory bodies)
2. Management (identification of risk areas, authorisation and risk-taking processes, risk management policies through the use of limits and guidelines, resource management)
3. 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.

The BoD of the Company has the ultimate responsibility for the Company's risk appetite at all times. The Company shall maintain a Risk Appetite Statement.

2.3. Internal Capital Adequacy Assessment Process

The ICAAP requires institutions to identify and assess risks not adequately covered in Pillar I, maintain sufficient capital to face these risks and apply appropriate risk-management techniques to maintain adequate capitalization on an ongoing and forward-looking basis, i.e., internal capital supply to exceed internal capital demand.

The Company maintains compliance with the ICAAP as required under Pillar II of Basel III and its local implementation in Cyprus, through risk management and governance framework, methodologies, processes and infrastructure. The Company has updated its ICAAP during 2021, in which each risk has been taken into account and was stress tested.

2.4. Stress Tests

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

1. Understanding the risk profile of the Company;
2. 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 ICAAP on an annual basis;
3. 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
4. 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 frequent basis especially when year-end financial results are available or when it revises its business plan.

The Company has performed a qualitative analysis of the material Pillar II risks, as well as weighted them against the Company's future development. By doing so, it has been deduced that in the future, whilst the probability of occurrence of any material risk is likely to remain the same, the associated/respective financial cost is likely to increase in light of the future enlargement of the organisation. 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.

2.5. Risk Management Committee

The Risk Management Committee ("RMC") advises the Board of Directors on the overall strategy and the appetite to all kinds of risks, both current and future, and helps the Board when it verifies that this strategy is implemented. In particular, it is responsible for:

- Reviewing the risk control procedures and is consulted about setting overall risk limits;
- Reviewing on a regular basis the strategies, policies, procedures and systems used to detect, manage and monitor the liquidity risk and submitting its conclusions to the Board of Directors;
- Reviewing the policies in place and the reports prepared to comply with the regulations on internal control;
- Reviewing the policy concerning risk management and the monitoring of off-balance sheet commitments, especially in light of the memoranda drafted to this end by the without prejudice to the Compensation Committee's missions, reviewing whether the incentives provided by the compensation policy and practices are compatible with the Company's situation with regard to the risks it is exposed to, its share capital, its liquidity and the probability and timing of expected benefits;

The Company has established and adopted certain processes and mechanisms in place to manage the risks, with special consideration to risks arising from operations of the Brokerage Department in the process of receipt and transmission of client orders.

The Risk Management Committee reports directly to the Board of Directors.

2.6. Diversity Policy

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

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

The Company is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organization into the future. This is also documented as best practises in the Corporate Governance Code of many EU countries. In line with the recent changes in the regulatory reporting framework, the Company maintains a dedicated diversity policy in relation to the Management body.

2.7. Board Recruitment

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

The persons proposed for the appointment should have specialised skills and/or knowledge to enhance the collective knowledge of the BoD and must be able to commit the necessary time and effort to fulfil their responsibilities.

Factors considered in the review of potential candidates include:

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

The Company has established a dedicated recruitment policy in relation to the BoD. The Company's BoD is chosen to be persons with different expertise in various fields in order to be able to offer diversity and the expertise required to oversee its smooth operations.

2.8. Remuneration

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

During 2021, 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.

The total remuneration of staff consists of fixed and variable components. Fixed and variable components are appropriately balanced, and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

The table below presents the remuneration of the members of the BoD and other key management personnel whose professional activities have a material impact on the risk profile of the Company for the year ended on the 31st of December 2021.

Figures in EUR	No. of staff for the whole year	No. of staff as at 31/12/2021	Fixed	Variable	Deferred	Severance Payments	Total as at 31/12/2021
Back Office	3	2	40,727	-	-	-	40,727
IT	2	1	48,333	-	-	-	48,333
Trading (Own account & dealing)	5	3	124,581	-	-	-	124,581
Portfolio Management	2	1	31,581	-	-	-	31,581
Sales	7	4	151,570	-	-	-	151,570
Compliance	2	1	63,494	-	-	-	63,494
Senior Management and other staff whose actions have a material impact on the risk profile of the Institution	4	2	280,198	-	-	-	280,198
Grand Total	**25**	**14**	**740,484**	**-**	**-**	**-**	**740,484**

Table 2: Aggregate Quantitative Information on Remuneration broken down by business area

2.9. Performance Related Pay

The Company shall ensure that where remuneration is linked with performance, the total amount of remuneration is based on a combination of the assessment of the performance of:

- The individual
- The business unit concerned
- The overall results of the Company

Examples of qualitative criteria include compliance with regulatory requirements (especially conduct of business rules) and internal procedures, fair treatment of clients and client satisfaction.

The Company implements a performance appraisal program, mainly to foster talent and promote healthy competition amongst personnel, which is based on a set of Key Performance Indicators and Targets, developed for each department.

2.10. Directorships held by Members of the Management Body

In 2021, the members of the Management body of the Company, given their industry experience, have been taking seats in other Company boards. In line with this, the following table indicates the number of positions that each member holds:

No.	Position in the Company	Directorships (Executive)	Directorships (Non-Executive)
1.	Executive Director	1	0
2.	Executive Director	1	0
3.	Independent non-executive Director	1	2
4.	Independent non-executive Director	1	1
5.	Non-executive Director	1	1

Table 3: Directorships held by Members of the Management Body

2.11. Reporting and Control

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

Report Name	Report Description	Owner	Recipient	Frequency	Due Date/ Extension*
Annual Compliance Report	To inform the Senior Management & the BoD of the Company regarding the Performance of Compliance function during the year	Compliance Officer	BoD, CySEC	Annual	**30/04/2022**
Annual Internal Audit Report	To inform the Senior Management & the BoD of the Company regarding the Internal Auditor during the year	Internal Auditor	BoD, CySEC	Annual	**30/04/2022**
Annual Risk Management Report	Represents the work & activities undertaken by the Risk Manager during the year	Risk Manager	BoD, CySEC	Annual	**30/04/2022**
Pillar III Disclosures (Market Discipline and Disclosures)	The Company is required to disclose information regarding its risk management, capital structure, capital adequacy and risk exposures	Risk Manager	BoD, CySEC, Public	Annual	**30/04/2022** **30/06/2022**
Independent Auditors Verification on the Pillar III Report	The verification of the Pillar III Disclosures (Market Discipline and Disclosures) Report by the Independent Auditor	External Auditor	BoD, CySEC	Annual	**31/05/2022** **31/07/2022**
Financial Reporting	It is a formal record of the financial activities of the CIF	External Auditor	BoD, CySEC	Annual	**30/06/2022**
Capital Adequacy Reporting	A measure of the CIF's capital. It is expressed as a percentage and is used to protect depositors and promote the stability and efficiency of financial systems all over the world	Risk Manager / Accounting	Senior Management, CySEC	Quarterly	**11/02/2022** **12/05/2022** **11/08/2022** **11/11/2022** **31/05/2022** **31/07/2022**
ICAAP (Pillar II) Report	The Internal Capital Adequacy Assessment Process, relating to the monitoring and assessment of the risks that are not fully covered by Pillar I	Risk Manager	BoD, CySEC	Annual	**N/A**

***It Is noted that CySEC has granted an extension to all annual reports mentioned above for 2022 submissions.**

Table 4: Periodic Reporting Summary

3. Capital Management and Adequacy

3.1.The Regulatory Framework

In response to the financial crisis of recent years, the Basel Committee, mandated by the G20, has defined the new rules governing capital and liquidity aimed at making the financial sector more resilient. The new Basel III rules were published in December 2010. They were translated into European law by a directive (CRDIV) and a regulation (CRR), which were replaced by The Investment Firm Regulation, and the Investment Firm Directive on 26th of June 2021.

The general framework defined by Basel III is structured around three pillars, as in Basel II:

- **Pillar I** sets minimum capital requirements comprising of base capital resources requirements, including risk to client, risk to market and the FOH requirement.
- **Pillar II** requires firms to undertake an overall internal assessment of their capital adequacy and liquid assets, considering all the which the firm is exposed to and whether additional capital should be held to cover risks not adequately covered by Pillar I requirements. This is achieved through the Internal Capital Adequacy Assessment Process ("ICAAP") / Internal Capital Adequacy Assessment Process and Internal Risk Assessment Process.
- **Pillar III** complements Pillars I and II and improves market discipline by requiring firms to disclose information on their capital resources and Pillar I capital requirements, risk exposures and their risk management framework.

In terms of capital, the main new measures introduced to strengthen institutions' solvency were as follows:

- The complete revision and harmonisation of the definition of capital, particularly with the amendment of the deduction rules, the definition of a standardised Common Equity Tier 1 (or CET1) ratio, and new Tier 1 capital eligibility criteria for hybrid securities;
- New capital requirements for the counterparty risk of market transactions, to factor in the risk of a change in CVA (Credit Value Adjustment) and hedge exposures on the central counterparties (CCP);
- The set-up of capital buffers that can be mobilised to absorb losses in case of difficulties. The new rules require regulated liquidity providers to create and maintain a capital conservation buffer and allows supervisory authorities to enforce an additional countercyclical buffer, aimed to preserve the institution's solvency in the event of adverse conditions;
- The set-up of restrictions on distributions, relating to dividends, Additional Tier 1 instruments and variable remuneration, via the maximum distributable amount (MDA) mechanism. At end-2015, the European Banking Authority (EBA) issued a clarifying statement, which indicated that the MDA should be applied when an institution no longer complies with its CET1 ratio requirements, including those of Pillar II and capital buffers;
- In addition to these measures, there will be measures to contain the size and consequently the use of excessive leverage. To this end, the Basel Committee defined a leverage ratio, for which the definitive regulations were published in January 2014. The Basel leverage ratio compares the institution's Tier 1

capital to the balance sheet and off-balance sheet items, with restatements for derivatives and pensions. Full scope institutions have been obliged to publish this ratio since 2015.

3.2. Regulatory Capital

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

Common Equity Tier 1 Capital (CET1 Capital)

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

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

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

(a) Losses for the current financial year
(b) Goodwill and intangible assets
(c) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities.
(d) All investments in own CET1 instruments, whether held directly or indirectly
(e) Non-significant & significant holdings of CET1 capital of financial sector entities - FSEs
(f) Investors' Compensation Fund ('ICF') contributions as per Circular C162 issued by CySEC on 10th October 2016.
(g) The additional cash buffer of ICF: According to paragraph 11(6) of the Directive DI87-07, the members of ICF are required to keep a minimum cash buffer of 3 per thousand of the eligible funds and financial instruments of their clients as at the previous year in a separate bank account in case there is need for an extraordinary contribution and this should not be used for any other purpose. Therefore, CIFs should deduct the additional cash buffer of 3 per thousand of the eligible funds and financial instruments of their clients from the Common Equity Tier 1 capital. CIFs are expected to reflect the above in their submissions of the Form 165-01 (calculation of own funds and capital adequacy ratio).

Tier 2 Capital

Tier 2 capital includes:

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

Tier 2 capital shall be less or equal to one third of Tier 1 Capital.
Deductions of Tier 2 capital essentially apply to the following:

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

3.3. Solvency Ratio (Capital Ratio or Capital Adequacy Ratio)

The solvency ratio is calculated by comparing the institutions' equity with the Higher of the K-Factor Requirement, the Fixed Overheads requirement, and the Permanent minimum capital requirement.

Since 26th of June 2021, the new regulatory framework sets minimum requirements to be met for the CET1 ratio and the Tier 1 ratio. The minimum requirement for CET1 is 56% and that of Tier 1 75%, with an overall ratio of 100% (including Tier 2).

3.4. Capital Management

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

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

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

In line with the above, the Company is obligated to calculate and report on a quarterly basis (see section on Reporting and Control), under IFR, its capital requirements (EUR 750.000), which is the higher of the Permanent minimum capital requirement, fixed overhead requirement and the K-Factor requirement, the result of which, i.e. solvency/capital ratio, needs to be above 100% (Calculated based on the section above) at all times.

As at 31 December 2021, the total own funds ratio of the Company was 148.47% whereas the capital requirement amounted to EUR 1,113,507. The total Capital ratio and total capital requirements are calculated in accordance with the relevant provisions of the IFR.

EUR	Dec 31, 2021 (Audited)
CAR Ratio	148.47%
CAR Ratio surplus	48.47%
CAR Ratio (including transitional requirements)	152.54%
CAR Ratio surplus (including transitional requirements)	52.54%
Capital Adequacy (CET1) ratio	148.47%
CET1 Capital	1,113,507
Tier 1 Capital	1,113,507
Tier 2 Capital	-
Total Own Funds	1,113,507
Total Own Funds surplus	363,507
Permanent minimum capital requirement	750,000
K-Factor Requirement	49,856
Fixed Overhead Requirement	316,664
Capital requirement	750,000
Capital requirement (including transitional requirements)	730,000

Table 5: Capital Requirements

	Dec 31, 2021
Common Equity Tier 1 (CET 1) capital: instruments and reserves	**EUR**
Capital instruments and the related share premium accounts	1,305,000
Retained earnings	-363,798
Accumulated other comprehensive income (loss), net of tax	-736,447
Other	908,752
Common Equity Tier 1 (CET 1) capital before regulatory adjustments	1,113,507
Common Equity Tier 1 (CET 1) capital: regulatory adjustments	**EUR**
Goodwill and other intangible assets (net of related tax liabilities)	0
Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	0
Direct, indirect and synthetic holdings by the institution of the CET 1 instruments of financial sector entities	0
Other regulatory adjustments	0
Total regulatory adjustments to Common Equity Tier 1 (CET 1) capital	0
Common Equity Tier 1 (CET 1) capital	1,113,507
Additional Tier 1 Capital	0
Tier 1 Capital	1,113,507
Tier 2 Capital	0
Total Capital	1,113,507
Capital Ratios	
Common Equity Tier 1 (CET 1) capital ratio	148.47%
Tier 1 Capital ratio	148.47%
Total Capital ratio	148.47%
CET 1 Ratio (including transitional requirements)	152.54%
Tier 1 Ratio (including transitional requirements)	152.54%
Own Funds Ratio (including transitional requirements)	152.54%

Table 6: Regulatory Capital

4. Capital Requirements

In accordance with the Investment firm regulation, the Capital requirement for the Company is equal to the highest of the following:

- K-Factor Requirement
- Permanent Minimum Capital Requirement
- Fixed Overheads Requirement

As at 31 December 2021, the Company's Capital requirement was equal to the Permanent Minimum Capital requirement which is equal to EUR 750,000, according to the CIF's license. However, due to the transitional requirements, the permanent minimum capital requirement (PMCR) will be fully in effect by 26th of June 2026, increasing by EUR 5,000 each year of the transitional period and therefore the the Company's Capital requirement was equal to EUR 730,000 as at the end Q4 2021.

4.1. K-Factor Requirement

The Company calculates its own funds requirement by reference to a set of K-factors which capture:

Risk-To-Client ('RtC') which captures client assets under management and ongoing advice (K-AUM), client money held (K-CMH), assets safeguarded and administered (K-ASA), and client orders handled (K-COH).

Risk-to-Market ('RtM') which captures the net position risk (K-NPR) in accordance with the market risk provisions of Regulation (EU) No 575/2013.

Risk-to-Firm ('RtF') which captures an investment firm's exposure to the default of their trading counterparties (K-TCD), concentration risk in an investment firm's large exposures to specific counterparties (K-CON), and operational risks from an investment firm's daily trading flow (K-DTF).

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

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

The K-Factor breakdown, as at 31 December 2021, can be seen on the table below.

EUR	K-Factor Requirement
TOTAL K-FACTOR REQUIREMENT	**49,856**
Risk to client	**4**
Assets under management	-
Client money held - Segregated	4
Client money held - Non - segregated	-
Assets safeguarded and administered	-
Client orders handled - Cash trades	-
Client orders handled - Derivatives Trades	0
Risk to market	**49,851**
K-Net positions risk requirement	49,851
Clearing margin given	-
Risk to firm	**1**
Trading counterparty default	-
Daily trading flow - Cash trades	-
Daily trading flow - Derivative trades	1
K-Concentration risk requirement	-

Table 7: K-Factor Breakdown

5. 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:

(a) Maintaining a strong internal control governance framework.
(b) 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:

(a) The development of operational risk awareness and culture
(b) The provision of adequate information to the Company's management, in all levels, in order to facilitate decision making for risk control activities
(c) 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
(d) The improvement of productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value
(e) 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
(f) Detection methods are in place in order to detect fraudulent activities
(g) Comprehensive business contingency and disaster recovery plan

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

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

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

5.1. Fixed Overheads Risk

Fixed Overhead 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 if and only if the summation of credit and market risk falls below a calculated limit of Fixed overheads.

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 2021, the Fixed overheads capital requirement was EUR 316,664.

6. Environmental, Social, and Governance Risks

6.1. Pandemic Risk

Further to the recent developments of the COVID-19 outbreak, which is a current major worldwide issue, the Company follows all of the government and health authorities' guidelines and instructions, regarding the protection measures against the virus. Moreover, the company implements 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 the rapid developments of the virus. Apart to the safety measures that were taken by the Company, the pandemic had little to no effect to the general operations of the Company.

6.2. Political Risks

The consequences of the Russian-Ukrainian conflicts, and the sanctions imposed by the European Council against Russia considerably affected the industry. 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 a minor effect on the company's operations and financial performance.

7. Liquidity risk

Liquidity risk is the risk arising from the potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs. The main objective is to ensure that the Company can fulfil its payment obligations at all times and can manage liquidity within our risk appetite framework. Liquidity risk corresponds to the risk of the Company not being able to meet its cash or collateral requirements as they arise and at a reasonable cost.

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

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

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

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

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

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

The Company has undertaken a specific review of its liquidity risks and believes that it is able to meet its upcoming maturities. As at 31/12/2021, the Company held enough capital in its bank accounts, to meet its liquidity requirements.

Furthermore, the Company is taking due care in safeguarding the client assets held in fiduciary capacity (in segregated accounts) and performs the following mitigation strategies:

- These assets are held by the Company in a fiduciary capacity and are not included in the Company's funds nor its financial statements
- The funds are held in client segregated bank accounts
- Frequent reconciliations are performed internally

8. Compliance, Reputational and Legal Risks

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

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

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

Compliance System and Department

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

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

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

8.1. Compliance Monitoring Programme

In light with the new regulatory requirements introduced during 2021, the Company's compliance function has adopted the compliance monitoring plan for the reference year which was appropriate to the size of the Company as well as the nature, scale and complexity of its business so as to be able to detect any risk of failure by the Company to comply with its obligations under the relevant legislation, as well as the associated risks.

Among other things, this programme strengthened governance and increased the resources made available to the function, both by recruiting additional resources and by investing in streamlining the Compliance function's existing IT applications and strengthening alert controls and management. It targets the continued enhancement of priority functions, the central tools for monitoring regulatory application (including training, harmonisation, and regulatory oversight), financial security, constant oversight, customer protection, market integrity (including preventing conflicts of interest), and reporting quality.

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

8.2. Prevention of Money Laundering and Terrorism Financing

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

The Company has in place and is updating as applicable, certain policies, procedures and controls in order to mitigate the money laundering and terrorist financing risks. Among others, these policies, procedures and controls include the following:

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

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

9. Appendix

		Amounts	Source based on reference numbers/letters of the balance sheet in the audited financial statements
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	**OWN FUNDS**	1,113,507	
2	**TIER 1 CAPITAL**	1,113,507	
3	**COMMON EQUITY TIER 1 CAPITAL**	1,113,507	
4	Fully paid up capital instruments	1,305,000	Share Capital/Note 19
5	Share premium	-	
6	Retained earnings	(363,798)	Accumulated losses
7	Accumulated other comprehensive income	-	
8	Other reserves	908,752	Other reserves
9	Minority interest given recognition in CET1 capital	-	
10	Adjustments to CET1 due to prudential filters	-	
11	Other funds	-	
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(736,447)	
13	(-) Own CET1 instruments	-	
14	(-) Direct holdings of CET1 instruments	-	
15	(-) Indirect holdings of CET1 instruments	-	
16	(-) Synthetic holdings of CET1 instruments	-	
17	(-) Losses for the current financial year	(736,447)	Net loss for the year
18	(-) Goodwill	-	
19	(-) Other intangible assets	-	
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-	
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-	

24	(-) CET1 instruments of financial sector entities where the institution has a significant investment	-	
25	(-)Defined benefit pension fund assets	-	
26	(-) Other deductions	-	
27	CET1: Other capital elements, deductions and adjustments	-	
28	**ADDITIONAL TIER 1 CAPITAL**	-	
29	Fully paid up, directly issued capital instruments	-	
30	Share premium	-	
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
32	(-) Own AT1 instruments	-	
33	(-) Direct holdings of AT1 instruments	-	
34	(-) Indirect holdings of AT1 instruments	-	
35	(-) Synthetic holdings of AT1 instruments	-	
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	-	
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment	-	
38	(-) Other deductions	-	
39	Additional Tier 1: Other capital elements, deductions and adjustments	-	
40	**TIER 2 CAPITAL**	-	
41	Fully paid up, directly issued capital instruments	-	
42	Share premium	-	
43	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
44	(-) Own T2 instruments	-	
45	(-) Direct holdings of T2 instruments	-	
46	(-) Indirect holdings of T2 instruments	-	
47	(-) Synthetic holdings of T2 instruments	-	
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment	-	
49	(-) T2 instruments of financial sector entities where the institution has a significant investment	-	
50	Tier 2: Other capital elements, deductions, and adjustments	-	

Table 8: EU IF CC1.01 - Composition of regulatory own funds

		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to EU IF CC1
		As at period end	**As at period end**	
Assets - *Breakdown by asset classes according to the balance sheet in the published/audited financial statements*				
1	Property, plant and equipment	€ 1,062	N/A	N/A
2	Loans receivable	€ 50,000	N/A	N/A
3	Other receivables	€ 1,078,102	N/A	N/A
4	Cash and cash equivalents	€ 275,682	N/A	N/A
	Total Assets			
Liabilities - *Breakdown by liability classes according to the balance sheet in the published/audited financial statements*				
1	Trade and other payables	€ 291,339	N/A	N/A
	Total Liabilities			
Shareholders' Equity				
1	Share capital	€ 1,305,000	N/A	4
2	Other reserves	€ 908,752	N/A	8
3	Accumulated losses	-€ 1,100,245	N/A	6,17
	Total Shareholders' equity			

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