

# TRADE CAPITAL HOLDING

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## DISCLOSURE AND MARKET DISCIPLINE REPORT FOR FINANCIAL YEAR 2024



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The Disclosure and Market Discipline Report has been prepared by Trade Capital Holding (TCH) Ltd as per the requirements of Regulation (EU) No. 2019/2033 and Directive (EU) 2019/2034 issued by the European Commission. Trade Capital Holding (TCH) 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.

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## 1 INTRODUCTION, SCOPE AND PURPOSE OF THIS DOCUMENT

Trade Capital Holding (TCH) Ltd (“**TCH**”, the “**Holding Company**” or the “**Group**”) is a Union Parent Investment Holding Company, incorporated in Cyprus as a private limited liability Company under the provisions of the Cyprus Companies Law, Cap. 113. TCH is a well-established group with global reach, catering for the needs of professional and retail clients worldwide, by providing strong liquidity and secure access to trading platforms and investment products based on cutting edge technology and innovation. The LEI Code of the Holding Company is 213800VCOOW1LBRSEA67. The Group’s head office is located at 148, Strovolos Avenue, first floor, CY 2048, Nicosia, Cyprus.

TCH acts as a holding company for investment firms authorized and regulated by the national competent authorities in their respective countries of incorporation. The investment firms whose consolidating entity is TCH are as follows:

- **Trade Capital Markets (TCM) Ltd:** Incorporated in Cyprus, authorized and regulated by the Cyprus Securities and Exchange Commission (“**CySEC**”) under license number 227/14 and by the Financial Sector Conduct Authority (“**FSCA**”) in South Africa as a foreign Financial Services Provider under license number 47857. The LEI Code of Trade Capital Markets (TCM) Ltd is 549300REMV7VLGS16J07;
- **Trade Capital UK (TCUK) Ltd:** Incorporated in the United Kingdom, authorized and regulated by the Financial Conduct Authority (“**FCA**”) under firm reference number 738538. The LEI Code of Trade Capital UK (TCUK) Ltd is 213800EZG5A39EG84M88;
- **Trade Capital Italia S.P.A:** Incorporated in Italy, authorized and regulated by the Commissione Nazionale per le Societa e la Borsa (“**CONSOB**”) under license number 316. The LEI Code of Trade Capital Italia S.P.A is 984500BC07801C240566;
- **Trade Capital Markets (TCM) North America LLC:** Incorporated in the United States of America, authorized and regulated by the Financial Industry Regulatory Authority (“**FINRA**”) under central registration depository number 316822;
- **Lead Capital Global Ltd:** Incorporated in Mauritius, authorized and regulated by the Financial Services Commission of Mauritius (“**FSC**”) under license number C119023948. The LEI Code of Lead Capital Global Ltd is 213800BY3GSZV9IWB32; and
- **Activotrade Valores, Agencia de Valores, S.A.:** Incorporated in Spain, authorized and regulated by the Comisión Nacional del Mercado de Valores (“**CNMV**”) under license number 239. The LEI Code of Activotrade Valores, Agencia de Valores, S.A. is 549300HC99YUUHXMZT26.

The Group is focused on offering investment services to retail and professional clients through a “Business-to-Consumer” (“**B2C**”) business segment representing online trading via the respective websites of the investment firms under the Group structure.

In particular, TCH’s core operations entail offering to clients, through online trading platforms, complex financial instruments (“**Contracts for Difference**” or “**CFDs**”) on a number of underlying products such as Foreign Currencies, Commodities, Indices, Equities, Exchange Traded Funds, Bonds and Cryptocurrencies.

In addition to CFDs, via the investment firms under the Group’s structure, TCH offers customers a variety of via Direct Market Access (“**DMA**”) services, including Transferable Securities in the form of Shares, as well as Units in Collective Investment Undertakings in the form of Exchange Traded Funds that are classified as Undertakings for Collective Investment in Transferable Securities (“**UCITS ETFs**”).

None of the investment firms under the Group's structure took any proprietary positions based on an expectation of market movement during 2024.

### **1.1 Regulatory Context**

This Disclosure and Market Discipline Report ("Pillar III Report" or the "**Report**") has been prepared in adherence to the EU prudential framework which has been enforced since the 26<sup>th</sup> of June 2021 and which comprises of the following:

- Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27<sup>th</sup> of 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 ("**IFR**");
- Directive (EU) 2019/2034 of the European Parliament and of the Council of 27<sup>th</sup> of November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU ("**IFD**"), as this has been transposed into Cyprus legislation through the issuance of Law 165(I)/2021 for the Prudential Supervision of Investment Firms.

The IFR & IFD rules focus on specific methodologies that investment firms are required to apply for quantifying their exposure to risk and deriving their Capital Adequacy ratio, as well as to their required level of initial capital, their Internal Capital Adequacy & Risk Assessment Process, and the Liquidity Requirement, among others.

Disclosures cover the areas defined in Part Six of the IFR which include the contents depicted within Articles 46 to 53, to the extent applicable to the Group, and which are being presented within this Report.

It should be noted that none of the Companies within the Group meet the criteria referred to in Article 32(4)(a) of the IFD. Therefore, this Pillar III Report does not include details regarding the Investment Policy, nor ESG risks outlined in Articles 52 and 53 of the IFR respectively. Furthermore, following consideration of each Company's size, internal organisation and the nature, scope and complexity of their activities, all the Companies within the Group do not deem necessary the establishment of Nomination or Remuneration Committees.

The present Report has been prepared on a consolidated basis and is updated and published annually. For the purposes of the Report, the 31<sup>st</sup> of December 2024 is to be known as the "reference date".

Furthermore, under the IFR/IFD framework, investment firms must self-classify themselves in accordance with specified conditions, in order to be able to calculate their own funds requirements. For the period under review, the Group has determined that it falls under the "Class 2" category of "all other investment firms".

### **1.2 Disclosure Policy**

The below information provides a summary in regards to important aspects of this Report.

#### **Information Disclosed**

All disclosure requirements relating to this Report as denoted in Part Six of the IFR, including both quantitative and qualitative information, are met to a standard befitting to the Group's particular characteristics and take into account its nature, the size, scope and complexity of its operations, as well as its internal organization.

#### **Disclosure Currency**

Unless stated otherwise, all amounts are in thousands of Euro ("€" or "EUR").

#### **Publication Frequency**

All required disclosures within the Report are made on an annual basis in adherence to the Group's obligations towards Part Six of the IFR and Article 44 of the IFD.

#### **Publication Location**

The Report is published on the Company's websites [www.tradecapitalmarkets.com](http://www.tradecapitalmarkets.com), [www.trade.com](http://www.trade.com) and [www.heromarkets.com](http://www.heromarkets.com).

## **2 GOVERNANCE AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

### **2.1 The Board of Directors**

The Group's Board of Directors (the "BoD" or the "Board") along with the Board and the Senior Management of each individual Investment Firm under consolidation is required, under Article 17(2) of the Investment Services and Activities and Regulated Markets Law of the Republic of Cyprus (the "Law 87(I)/2017"), as well as Article 25(1) of European Commission Delegated Regulation (EU) 2017/565 regarding organisational requirements and operating conditions for investment firms ("Regulation 2017/565"), to:

- Establish, implement and maintain adequate Risk Management policies and procedures which identify the risks relating to each Company's activities, processes and systems and set the level of risk tolerated by the Company;
- Adopt effective arrangements, processes and mechanisms to manage the risks relating to each Company's activities, processes and systems, based on the acceptable level of risk tolerance; and
- Monitor the adequacy and effectiveness of such arrangements and take necessary measures to address any deficiencies identified.

Furthermore, Paragraph 22 of Law 165(I)/2021 (hereinafter "Law 165(I)/2021") for the Prudential Supervision of Investment Firms and Circular CI144-2014-23 with respect to the Supervisory Function, Governance Arrangements and Risk Management of Cyprus Investment Firms ("CIFs"), sets out the governance, control, reporting procedures and requirements that CIFs are required to implement with respect to the treatment of risks. Most notably, Paragraph 6 of Law 165(I)/2021 stipulates that CIFs must ensure that the Board:

- Approves and periodically reviews the strategies and policies on the risk appetite of the CIF;
- Manages, monitors and mitigates the risks the CIF is or might be exposed to, taking into account the macroeconomic environment and the business cycle of the CIF; and
- Devotes sufficient time to the consideration of risk issues.

As at the reference date the Holding Company's Board of Directors was constituted by one Director.

## **2.2 Diversity Policy for the Selection of Members of the Management Body**

The Group acknowledges the importance of diversity in all levels of the corporate structure and the subsequent integral part it has in achieving commercial success. A balance of the plethora of factors including but not limited to age, skills, experience, background, race and gender are all instrumental in achieving any of the Group's strategic plans and as such, TCH is no exception by considering all abovementioned factors and striving to find an optimum composition.

In addition to seeking diversification through an individualistic approach, the Group is comprehensively committed to creating and maintaining an inclusive and collaborative workplace culture that will in turn provide sustainability for future endeavors.

## **2.3 Number of Directorships Held by Board Members**

The following table depicts the number of directorships held by each member of the Holding Company's Board, as at the time of preparation of the present Report.

***Table 1: Position and number of directorships of the Board Members***

Name	Position in the Holding Company	No. of Executive Directorships	No. of Non-Executive Directorships
Roei Gavish	Director	-	1

***Notes on Directorships:***

- a. The information in this table is based only on representations made by the directors of the Holding Company.
- b. Executive or non-executive directorships held within the same group shall count as a single directorship, as per the provisions of Section 9(5) of Law 87(I)/2017. Also, as per Section 9(6) of Law 87(I)/2017, 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 above table.

## **2.4 Risk Management Policy**

Functional Risk Management takes place on a consolidated Group-wide basis, with the legal entity ensuring compliance with local regulatory requirements for Risk Management. Risk organization and governance within the Group comprises of three main elements:

- Organizational Structure for effective Risk Management;
- Risk Standards which include policies, procedures and methodologies; and
- Risk Reporting.

Risk Management at Group level is therefore depicted as follows:



Risk is prevalent and arises due the business activities of each individual Investment Firm which is subject to prudential consolidation. Subsequently as a response to the risk posed, a risk strategy has been implemented that aims to ensure substantial growth of the Group as a whole in combination with a moderate risk profile, through the establishment of an effective Risk Management framework.

Each individual Investment Firm under consolidation has proceeded to establish, implement and maintain where deemed necessary, an Internal Procedures Manual (hereafter “**IPM**”), which includes all policies, procedures, regulations and mechanisms.

The Risk Management Policy of each individual Investment Firm is present within the IPMs’ and it highlights the procedures and mechanisms that have been established in order to ensure that internal controls are set within each Company in relation to appropriate measures in place in adherence to the notion of establishing an effective framework to manage risk. Moreover the Risk Management Policy includes the roles and duties of each Investment Firm’s Risk Manager and Compliance and Risk Management Committee, as well as reporting and internal control procedures in place.

The Group aims to follow a continuous, active and systematic Risk Management process of well-defined steps in order to understand, manage and communicate risks from a firm-wide perspective. This is achieved through the effective identification, assessment, treatment and reporting of internal and external risks.

## 2.5 Compliance and Risk Management Committee

Each individual Investment Firm which its nature, scale, complexity and organizational structure allows it, has established a Compliance and Risk Management Committee (the “**Committee**”) that acts independently. The Committee’s overall aim is to have in place a Risk Management and Governance Function on a per Company basis which is:

- Appropriate to the nature, scale, complexity, business and organizational structure of each Company under consolidation;
- Adequate to promote the sound and prudent management of each Investment Firm’s business; and
- Aimed at protecting the interests of clients and stakeholders.

The members of the Committee must have sufficient knowledge, skills and experience in order to fully understand and monitor the Risk Strategy, the Risk Appetite and the Risk Management Policies and practices of each of the Companies under consolidation. The Committee in its entirety has the following duties and responsibilities:

- To continuously promote Risk Management ideals and appropriate Risk Management approaches to all departments of the Company;
- To review the Company's current and future Risk Appetite;
- To oversee the implementation of appropriate risk limits to effectively manage the different kinds of risks;
- To provide an overview of the Company's current Risk Management arrangements and identify any deficiencies with the purpose of establishing remedial procedures;
- To assess reports prepared by the Risk Management Function and recommend remedial procedures; and
- To collaborate in a harmonious fashion with all relevant departments with the sole purpose of managing risk and ensuring capital and liquidity levels are at satisfactory standings.

## **2.6 Risk Management Function**

Each individual Investment Firm under consolidation where its nature, scale, complexity and organizational structure allows it, has established a Risk Management Function and to this effect has appointed a dedicated Risk Manager to implement the Company's Risk Management Policy. Furthermore, the Committee must conduct a duly and continuous supervision of the activities relating to the proper operation of the Risk Management Function and ensure that the said function identifies, measures, and reports all risks faced by the each Company.

The Risk Management Function of each individual Investment Firm has the following duties and responsibilities:

- To adopt prudent policies on risk management and internal control;
- To identify and evaluate all the fundamental risks faced by the Company;
- To implement remediation measures to the fundamental risks faced that arise due to the Company's operations in respect to the levels of risk tolerance;
- To provide adequate information in a timely and proper manner to the Committee on the status of risks and controls in place;
- To compile all required risk related reports and ensure distribution of the said reports to the various national competent authorities; and
- To conduct effectiveness reviews on the existing Risk Management Policies and internal control mechanisms and providing a report to the Committee.

The Risk Manager of each Company has direct access to each Company's Board.

Depending on the Investment Firm, both the CCO and the Risk Manager attend the Committee meetings as well as relevant employees from other departments.

## **2.7 Compliance and Money Laundering Compliance Functions**

The Compliance Function of each Company under consolidation designs an annual risk-based plan that takes into consideration areas of acute importance, such as material business activity or Business and Regulatory risk, with the reasoning behind this being for each Company to consistently be regulatorily compliant.

The Compliance Function covers the areas of:

- Anti-Money Laundering and Financial Crime;
- Monitoring and Surveillance;
- Governance, Code of Conduct and Regulatory Compliance; and
- Regulatory Counselling.

The CCO and the Money Laundering Reporting Officer (“**MLRO**”) of each Company both have direct access to the Board.

## **2.8 Internal Audit Function**

The Internal Audit Function’s main objectives include continuously monitoring and evaluating the Companies under consolidation on an individual basis by taking into consideration the nature, scale, and complexity of the business operations, as well as providing judicious advice, knowledge, and recommendations to ensure compliance with relevant legal and regulatory frameworks. The Internal Audit Function operates independently from other functions of each of the Companies within the Group.

The Internal Audit Function present within each Investment Firm, where deemed necessary, has the following duties and responsibilities:

- To establish, implement and maintain an audit plan which will aim to examine and evaluate whether the Company’s systems, internal control mechanisms and agreements are adequate and effective;
- To issue recommendations based on the evaluation of the audit plan’s examinations and subsequently assist the Board on the effectiveness of existing control arrangements;
- To verify compliance with any potential recommendations on matters including corporate governance and management;
- To provide an impartial and independent appraisal on all Company activities;
- To compile and distribute, in a timely and accurate manner, the Annual Internal Audit Report to the Board; and
- To ensure that relevant records are kept with respect to all internal audit activity conducted.

## **2.9 Risk Management Strategies and Objectives**

The Group as a whole and each individual Investment Firm implements a plethora of Risk Management strategies in order to mitigate different types of risks, including metrics such as Key Risk Indicators (“**KRIs**”) and maximum tolerable exposure limits. A focal part of the Group’s capital & liquidity management strategy lies in the continuous monitoring of the Capital Adequacy Ratio and the amount of its held Liquid Assets and the assurance that the said ratio will be in exceedance of the regulatory minimum benchmark. Management of the Group’s capital & liquidity structure and any adjustments made are performed in accordance with the following objectives:

- To maintain financial solidity while respecting predetermined risk appetite targets;
- To preserve existing levels of financial flexibility, capital and liquidity to cultivate organic growth;
- To adequately allocate capital among the various business lines according to strategic objectives;

- To ensure the Group's resilience in stress scenario events whilst managing concentration to counterparties; and
- To meet the expectations of stakeholders including but not limited to debt and equity investors, External Credit Assessment Institutions ("ECAIs") and shareholders.

## **2.10 Internal Capital Adequacy and Risk Assessment Report**

The ICARA Process is decomposed into the Internal Capital Adequacy Assessment Process ("ICAAP") and the Internal Liquidity Adequacy Assessment Process ("ILAAP"), with the former focusing on the Company having sufficient capital in terms of the risks faced and the latter focusing on the Liquidity risks applicable to the Company. Both components simulate conditions in the present, as well as on a forward-looking basis for the next three years.

The purpose of the ICARA is for the Risk Manager, who ultimately has the responsibility to generate, maintain and review the ICARA Report, to inform the Board of Directors on the assessment and quantification of the Company's required internal capital and liquid assets, the employed methodologies to mitigate and manage identified risks, and the current and future required capital and liquid resources that are necessary to cover the risks the Company is exposed to or may potentially be exposed to in the future, in accordance with its risk profile and in line with the defined Risk Appetite Statement.

## **2.11 Board Risk Appetite & Risk Acknowledgement Statement**

The Risk Appetite Statement indicates the level of risk that the Group is prepared to incur, in consideration of its strategic, business objectives and obligations to stakeholders. The Risk Appetite Statement is defined using both qualitative and quantitative parameters and highlights the conditions by which the Group can operate under varying levels of singular or aggregated risks, by taking into consideration extreme conditions, events and outcomes. Moreover, risk appetite should reflect potential impact on earnings, capital and funding/liquidity.

The following risks have been highlighted by the Board as being of paramount importance and to this effect each individual Company has established internal controls to manage them:

- Operational Risk
- Concentration Risk
- Liquidity Risk
- Compliance/Regulatory Risk
- Reputational Risk
- Credit Risk

Each individual Company has put in place controls and mitigation strategies for the aforementioned main risk types, should an adverse situation take place. The overall risk appetite of the Group, being described as medium-low risk, is reflected in the attempts to engage in low-risk activities, with risks being mitigated wherever possible in conjunction with comparing the actual mitigation costs, which should not exceed the actual or potential risk being taken. All risks of any significance are identified, assessed and controlled on an ongoing basis.

The overall risk profile of the Group can be described as medium-low risk, as a plethora of risk management procedures have been incorporated within TCH to mitigate potential threats that could cause detrimental effects.

## 2.12 Levels of Defense

The Group's overall governance, system and control framework is deployed on the basis of the three levels of defense model, which distinguishes among the following:

- **First Level:** Functions that own and manage risks – Business Management and Operational Functions.
- **Second Level:** Functions that oversee risks – Compliance and Risk Management Functions.
- **Third Level:** Functions that provide independent assurance – Internal and External Audit Functions.

## 3 CAPITAL MANAGEMENT AND ADEQUACY

### 3.1 Capital Management

The Group, according to the capital and liquidity thresholds defined by the IFR & IFD Framework, must have in place systems, procedures and controls to:

- Identify, monitor and if possible, reduce risks that may result from ongoing operations, or from winding-down of the Group; and
- Assess whether there is a need to hold additional own funds and/or liquid assets as a result of prevailing risks.

As a response to the capital thresholds and in compliance with the IFR & IFD, the Group has set its Own Funds Threshold Requirement ("OFTR") to be the higher of the following:

- Permanent Minimum Capital Requirement ("PMCR").
- Own funds necessary to mitigate the risk of harm from ongoing operations, whilst taking into consideration periods of financial stress.
- Own funds necessary to ensure that the Group can be wound down in an orderly manner.

The Capital Adequacy Ratio ("CAR") that the Group is subject to and must pertain at all times should be in excess of 100%, which is decomposed as follows:

*Table 2: Minimum required capital ratio thresholds*

Type of Capital	Minimum Required Threshold
Common Equity Tier 1 Ratio	56%
Tier 1 Ratio	75%
Total Own Funds Ratio (CAR)	100%

As at 31<sup>st</sup> of December 2024, the composition of the Group's Own Funds on a consolidated basis is depicted in the following table:

**Table 3: Template EU IF CC1.01 - Composition of Regulatory Own Funds**

31 <sup>st</sup> of December 2024		(a)	(b)
		Amounts (EUR'000)	Source based on reference numbers/letters of the Balance Sheet in the Financial Statements (cross reference to EU IF CC2)
<b>Reference</b>		<b>Common Equity Tier 1 (CET 1) capital: instruments and reserves</b>	
1	<b>OWN FUNDS</b>	<b>5.140</b>	
2	<b>TIER 1 CAPITAL</b>	<b>5.140</b>	
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>5.140</b>	
4	Fully paid up capital instruments	3	Reference 1 (Shareholder's Equity)
5	Share premium	9.255	Reference 2 (Shareholder's Equity)
6	Retained earnings	1.542	Reference 3 (Shareholder's Equity)
10	Adjustments to CET1 due to prudential filters	(5)	
17	Losses for the current financial year	(334)	
18	(-) Goodwill	(2.889)	
19	(-) Other intangible assets	(17)	
26	(-) Other deductions	(2.315)	
27	CET1: Other capital elements, deductions and adjustments	(100)	Reference 1 & 2 (Assets)
28	<b>ADDITIONAL TIER 1 CAPITAL</b>	-	
40	<b>TIER 2 CAPITAL</b>	-	

The following table presents a reconciliation between the Group's Own Funds and its Balance Sheet, as at 31<sup>st</sup> of December 2024:

**Table 4: Template EU IF CC2 - Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Financial Statements**

Balance Sheet as in Financial Statements		(a)	(c)
		31 <sup>st</sup> of December 2024 Amounts (EUR'000)	Cross Reference to EU IF CC1
<b>Reference</b>		<b>Assets - Breakdown by asset classes according to Balance Sheet in Financial Statements</b>	
	<b>Total Assets</b>	<b>18.642</b>	
	Of which:		
1	Investor Compensation Fund (part of Trade and other receivables)	40	Reference 27
2	Additional Cash Buffer (part of Cash and cash equivalents)	60	Reference 27
<b>Reference</b>		<b>Liabilities - Breakdown by liability classes according to Balance Sheet in Financial Statements</b>	
	<b>Total Liabilities</b>	<b>5.939</b>	
<b>Reference</b>		<b>Shareholder's Equity - Breakdown by equity classes according to Balance Sheet in Financial Statements</b>	
	<b>Total Shareholders' Equity</b>	<b>10.466</b>	

1	Share capital	3	Reference 4
2	Share premium	9.255	Reference 5
3	Retained earnings	1.208	References 6 & 17

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

As indicated in the following table, as at 31<sup>st</sup> of December 2024 the Group recorded a Capital Adequacy Ratio of 289,25% which is in excess of the regulatory minimum capital threshold of 100%.

**Table 5: Capital Excess/Ratio, in EUR'000**

	Fully-phased in	Reference
<b>Capital</b>		
Common Equity Tier 1	5.140	
Additional Tier 1	-	
Tier 2	-	
<b>Total Own Funds</b>	<b>5.140</b>	<b>a</b>
<b>Own Funds Requirement</b>		
K-factors Requirement	658	b
Fixed Overhead Requirement	2.697	c
Permanent Minimum Capital Requirement	3.900	d
<b>Minimum Own Funds Requirement</b>	<b>3.900</b>	<b>e = (higher of b, c, d)</b>
<b>Capital Excess/Ratio</b>		
Capital Excess	1.240	a-e
<b>Capital Ratio</b>	<b>131.80%</b>	<b>a/e</b>

### 3.2 Liquidity Adequacy

The Group has set its Liquid Assets Threshold Requirement (“**LATR**”) to be the sum of the Basic Liquid Assets Requirement (“**BLAR**”) and the higher of the following:

- Additional liquid assets necessary to fund ongoing operations, whilst taking into consideration periods of financial stress.
- Additional liquid assets necessary to ensure that the Company can begin an orderly wind-down, taking into consideration liquid asset inflows that can be reasonably expected to occur during the wind-down period.

In addition, the Group’s Liquid Assets must exceed at all times the BLAR, ensuring that sufficient resources are in place should an adverse situation occur.

The Group must always ensure adequate liquidity set out in the specific liquidity requirements, in accordance with Article 43 of the IFR.

The following table provides an overview of the Liquid Assets held by the Group as at 31<sup>st</sup> of December 2024, in relation to the Liquidity Requirement. As shown, the Company maintained Liquid Assets in excess of the Liquidity Requirement of Article 43 of the IFR as at year-end.

*Table 6: Liquid Assets, in EUR'000*

Liquidity	Amount
Liquid Assets	3.357
<b>Liquidity Requirement</b>	<b>899</b>

### **3.3 Own Funds Requirement**

As mentioned above, the Group has determined that it falls under the “Class 2” category of “all other investment firms”, and as such it is obliged to calculate its OFR as the highest of its PMCR, Fixed Overheads Requirement (“FOR”) and K-Factor Requirement (“KFR”):

#### **3.3.1 Permanent Minimum Capital Requirement**

The PMCR on a Consolidated level is calculated according to the application of Article 10 of the Draft Commission Delegated Regulation with regards to Regulatory Technical Standards on prudential consolidation of investment firm groups EBA/CP/2020/06, which stipulates that the Consolidated PMCR shall be the sum of the PMCR at the individual level of all Group undertakings that are fully Consolidated.

The PMCR of Group undertakings established in third countries shall be the PMCR applicable had they been authorized within the European Union.

#### **3.3.2 Fixed Overheads Requirement**

The Group has to also derive its FOR amount, which is calculated annually based on the latest audited financial statements, as the one quarter of its annual fixed overhead expenses of each of the investment firms within the Group. The relevant figures for reporting date 31<sup>st</sup> of December 2024 are presented in the table that follows:

*Table 7: FOR in EUR'000*

Metric	Amount
Gross Fixed Overhead Expenses	15.548
(-) Total Deductions	(4.761)
<b>Annual Fixed Overheads of the previous year after distribution of profits</b>	<b>10.787</b>
<b>Fixed Overheads Requirement</b>	<b>2.697</b>

### 3.3.3 K-Factors Requirement

The K-Factors Requirement reflects the total capital requirement emanating from the K-Factors prescribed by the IFR, as the sum of the Risk to Client ("RtC"), Risk to Market ("RtM") and Risk to Firm ("RtF") metrics.

The following table outlines the Group's KFR on a consolidated basis, as at 31<sup>st</sup> of December 2024, decomposed into the various K-Factors that apply for the Group:

*Table 8: KFR in EUR'000*

	Metric	31 <sup>st</sup> of December 2024	
		Factor Amount	K-Factor Requirement
RtC	AUM	-	-
	CMH	10.345	41
	ASA	-	-
	COH	-	-
	<b>Total RtC</b>	<b>-</b>	<b>41</b>
RtM	NPR	-	46
	<b>Total RtM</b>	<b>-</b>	<b>46</b>
RtF	TCD	-	553
	DTF (derivative trades)	180.325	18
	CON	-	-
	<b>Total RtF</b>	<b>-</b>	<b>571</b>
<b>Total K-Factors Requirement</b>		<b>-</b>	<b>658</b>

#### 3.3.3.1 Risk-to-Clients (RtC)

RtC metrics aim to capture the risk arising from key MiFID services that may be offered to clients by investment firms, and which if not provided properly may cause potential harm to such clients. RtC is defined as the sum of client Assets Under Management ("AUM"), Client Money Held ("CMH"), Assets Safeguarded and Administered ("ASA") and Client Orders Handled ("COH"), multiplied by relevant coefficients per K-Factor. More specifically:

Each individual Company within the Group is required to calculate the following applicable K-Factors pertinent to RtC:

- **AUM:** Captures the risk of harm to clients from mis-management of client portfolios or poor execution and provides reassurance to clients in terms of the continuity of the service of portfolio management and ongoing investment advice. Within 2024, the Group did not provide the service of discretionary portfolio management for clients and thus, was not subject to this risk.
- **CMH:** Captures the risk of harm to client money safeguarded by the investment firm, taking into account the legal arrangements in relation to asset segregation. Risk to client in relation to CMH may arise in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm, or of a third party with which the investment firm holds client money. Based on

the year ending on 31<sup>st</sup> of December 2024, as part of its business, the Group received from its customers, cash deposits to enable them to perform transactions in financial instruments and to this end, it was subject to the risk captured by this K-Factor.

- **ASA:** Captures the risk of harm to client financial instruments or assets safeguarded by the investment firm 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. Due to the nature of CFD products, ASA does not apply to the Group and the safeguarding of clients' positions in CFD products is captured under K-CMH. ASA applies to the product offering of Shares and UCITS ETFs under the DMA service, however the Group is not subject to the risk from this K-Factor for the reference date, as the Shares offering began in November 2024 and the UCITS ETFs offering began in January 2025.
- **COH:** Captures the risk of harm to clients of the investment firm which executes orders as part of execution-only services to clients, or when an investment firm is part of a chain for client orders. The Group is subject to the risk captured from K-COH for the DMA service product offering of Shares and UCITS ETFs. As aforementioned however, for the specific reference date, the Group is not subject to this K-Factor. Conversely, due to the various Group entities executing clients' orders in their own name whilst acting as principal to client trades in CFD products, COH does not apply to the Group and such a risk is captured under K-DFT.

The Rolling Average Approach is used for calculating capital requirements regarding AUM, CMH, ASA and COH as presented within the IFR.

#### *Risk Policy and Management Tools*

Policies and procedures are in place by the Investment Firms under consolidation to ensure that K-Factor data are accessible and available at all times. In addition, data pertinent to RtC is collected on a daily and monthly basis, depending on the applicable proxy, for monitoring purposes. Should it be deemed that the Group's capital adequacy position is threatened then appropriate actions will be taken.

The Group's overall RtC position is at an acceptable level, with the capital charges associated with the proxies being at low levels, and with the following risk mitigation practices being employed:

In regards to AUM, the applicable entities ensure that the Portfolio Management department is adequately staffed with competent personnel that satisfy all of the Commission's requirements in terms of skill, knowledge and experience. Moreover, all strategies are back-tested, clients are allowed to enter their own stop loss values and are duly notified if drawdown percentages exceed the 10% benchmark.

In regards to CMH, the Group holds client funds in segregated accounts, separate from company funds. In addition, the entities within the Group cooperate with credit institutions that are of sound reputation and that are accredited by ECAs. Moreover, funds are diversified amongst the aforementioned institutions to mitigate Concentration risk, and daily reconciliations are performed and recorded in an adequate fashion.

In regards to the RtC metric as a whole, the companies within the Group offer Negative Balance Protection ("NBP") to their clients, meaning that they are protected in exceptional market conditions where there is a price change in the underlying that is sufficiently large and sudden, and which results in clients having a

negative account value. This means that client losses are limited to the total funds that are in the clients' trading account.

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

RtM metrics apply to all Trading Book positions, which include in particular positions in debt instruments, equity instruments, collective investment undertakings, foreign exchange and gold, and commodities. RtM is comprised of Net Position Risk ("NPR") and Clearing Margin Given ("CMG"). Non-Trading Book positions must also be included, where these give rise to Foreign Exchange Risk or Commodity Risk. During 2024, this was only applicable to the Group in relation to its Market FX risk exposure arising from its on Balance Sheet assets and liabilities that were denominated and funded in a currency other than its reporting currency (i.e., EUR). As at the reporting date the currencies to which the Group has the highest exposure due to its reporting currency, are the USD and GBP. The foreign exchange risk is considered as low.

The default methodology to calculate RtM is using NPR, with NPR capturing the risk that is attributed to a change in value of financial instruments that arise from factors including market fluctuations and instrument-specific parameters such as volatility and correlations. The Group applies the Standardized Approach in calculating the NPR, as this is specified within EU Regulation 575/2013 (the "Capital Requirements Regulation" or "CRR") for Market Risk exposures.

The alternative RtM methodology of CMG does not apply to the Group as, based on its business model, the execution and settlement of its own transactions does not take place through a clearing member or a qualifying central counterparty.

#### *Risk Policy and Management Tools:*

The Group has in place policies and procedures to ensure that K-Factor data are accessible and available at all times. In addition, data pertinent to RtM is collected on monthly basis, from the Group's generated financial statements in respect to non-Trading Book NPR.

Trading Book NPR is not present, as aforementioned, as the applicable entities under consolidation employ the Matched Principal execution model where both sides of financial instrument transactions are being executed simultaneously, thus mitigating Trading Book NPR emanating from clients' open positions. Should it be deemed that the Group's capital adequacy position is threatened then appropriate actions will be taken.

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

RtF metrics capture the risk of Trading Counterparty Default ("TCD"), Concentration Risk for Trading Book exposures to counterparties ("CON") and Operational risks from Daily Trading Flow ("DTF"). RtF is defined as the sum of TCD, CON and DTF.

Each individual entity within the Group is required to calculate the following applicable K-Factors pertinent to RtF:

- **TCD:** Captures the risk of harm to the investment firm by counterparties to over-the-counter derivatives, repurchase transactions, securities and commodities lending or borrowing transactions, long settlement transactions, margin lending transactions or any other securities financing transactions. In addition, TCD captures the additional risk posed by recipients of loans granted by the investment firm on an ancillary basis as part of an investment service. As at 31<sup>st</sup> of December 2024, the Group was subject to this risk through its transactions in Trading Book derivatives with clients and selected counterparties.
- **CON:** Captures the risk of harm to the investment firm by counterparties, including issuers of instruments in which the firm maintains positions, where the exposure values are derived from the summation of TCD and NPR on a counterparty / group of connected counterparties level, with a capital charge being enforced only when the maximum allowable limit as determined in relation to the investment firm's own funds, is exceeded. Due to the Group applying the Matched Principal execution model, the NPR exposures, which are calculated on a net notional amount basis per issuer of instrument, as relevant, do not affect the CON calculations. As at 31<sup>st</sup> of December 2024, the Group's TCD exposures towards its clients, affiliate and issuers of equity and interest-rate instruments in the trading book did not exceed the Group's capital thresholds, as these are prescribed in Article 37 of IFR.
- **DTF:** Captures the risk of harm to the investment firm in the form of Operational risk due to large volumes of trades concluded for its own account or for clients in its own name which could result from inadequate or failed internal processes, people and systems or from external events. This applies to the Group, since through the Dealing on Own Account license of the various entities under consolidation, the Companies execute trades for CFDs on a principal basis.

The Group calculates TCD by multiplying the value of the exposures, based on replacement cost and an add-on for potential future exposure, by risk factors, accounting for mitigating effects of effective netting and the exchange of collateral.

CON is calculated by taking into consideration the exposure value, the own funds requirement of the total exposure, the exposure value excess, the maximum allowable limit, the duration of the excess and the counterparty type. A capital charge shall be applied only upon a breach by a counterparty of the maximum allowable limit, with the capital charge defined as the Own Funds Requirement for the Excess ("OFRE").

The Group applies the Rolling Average Approach for calculating capital requirements regarding DTF as presented within the IFR.

*Risk Policy and Management Tools:*

Policies and procedures are in place by the entities within the Group to ensure that K-Factor data are accessible and available at all times. In addition, data pertinent to RtF is collected on a daily and monthly basis, depending on the applicable proxy, for monitoring purposes. Should it be deemed that the Group's capital adequacy position is threatened then appropriate actions will be taken.

The Group's overall RtF position is at an acceptable level, with the capital charges associated with the proxies being at relatively high levels in comparison with the metrics of RtC and RtM, mainly due to the influence of the Group's Trading Book, and with the following risk mitigation practices being used:

In regards to TCD, the Group utilises client used margin as collateral in order to counteract the exposure value and ensure that the TCD metric is adequately managed.

In regards to CON, the Group monitors on a daily basis exposures that arise from its clients' trades in order to take action against the maximum allowable limit being breached.

In regards to DTF, the Group performs best execution monitoring to determine if client orders have suffered due to poor execution, with metrics taken into consideration including but not limited to likelihood of execution, slippage and speed of execution. Such monitoring is documented in monthly reports to the each Company's Senior Management and remediation actions take place to improve execution metrics if deemed necessary.

### **3.4 Other Material Risks**

#### **3.4.1 Operational Risk other than DTF**

Operational risk is the risk of loss resulting from inadequacies or failures in internal procedures and external events, system failures or delays and people. In addition, Operational risk arises from Accounting, Environmental, Legal, Fraud, Physical and Technology risks. The Group is partially dependent on third parties for the provision of key technological systems, infrastructure and data.

##### *Risk Policy and Management Tools*

The Group has developed processes, management tools and a control infrastructure in order to enhance and mitigate Operational risks that are inherent in the conducted activities. Technology and the dependence of the Group on it plays a paramount role in the establishment and maintenance of the appropriate governance framework. Where possible the Group has the technology and expertise to mitigate the risk should a technology counterparty experience a failure and multiple providers are utilized in a failover scheme.

Several Operational risk reporting, monitoring and mitigating actions have been established by the Companies within the Group and include:

- KPIs being used to quantify potential operational risks, where such said KPIs are constantly being refined to adhere to the adaptive nature that risks pose;
- Using systems to automate processes and controls to eliminate risk from human error;
- Offering ongoing training to employees to reduce the likelihood of human error arising from lack of expertise;
- Maintaining an Incident and Risk Report registry whereby all operational risk-oriented events are catalogued and evaluated;
- Maintaining a Risk Register; and
- Maintaining a Complaints Handling registry to monitor arising complaints.

Moreover applicable entities under consolidation have developed a Business Continuity and Disaster Recovery Plan ("BC/DR Plan"), with the purpose to provide guidance to all staff on how all critical processes operate in order to ensure continuity of operations in the event of an incident, adverse event or business interruption.

A major component of Operational risk is ICT risk. ICT risk is the risk of loss, disruption or damage to the reputation of an organization resulting from the failure of its information technology systems. The Group's effective operation is dependent on technology and advanced information systems, and its ability to provide clients with reliable, real-time access to its systems is fundamental to the success of the business. This dependency on technology exposes the Group to a major risk in the unlikely, but possible, event that the systems are disabled for a short period of time and possibly for an even longer period of time.

The systems of each Company under consolidation are designed in such a way to mitigate the risk of such failures. This is achieved through the use of multiple service providers for a single service, including, but are not limited to, data, market information, telephone and internet connectivity.

### **3.4.2 Concentration Risk**

Concentration risk is defined as having any exposure to a single client or group of clients, which may result in losses that are sizeable enough to threaten the Group's ability to maintain its core operations. Credit Concentration risk refers to disproportionately large risk exposure to specific Credit risks emanating from counterparties, with Credit risk being defined as the risk of loss that is attributed to a counterparty's default or the inability of a counterparty to fulfill in full its financial obligations towards the Group.

#### *Risk Policy and Management Tools*

The Group's Credit Concentration risk mainly arises from counterparties such as financial institutions where the Group holds its assets and funds, from debtors and also from its clients. Prior to commencing with trading, client accounts must hold enough equity in order to maintain the necessary margin requirements due to the leveraged trading facility offered. Moreover, any profits and losses amassed by clients are either credited or debited to their account instantaneously.

The Group enforces Credit Risk Mitigation ("CRM") Strategies in order to minimize the probability of loss arising from Credit risk. Examples of CRM Strategies include:

- Holding all client funds in segregated accounts, separate from the Company's funds;
- Cooperating with EU credit institutions that are highly rated by accredited ECAs for the purpose of safekeeping of both Company and client funds;
- Diversification of funds among several credit institutions to mitigate Concentration risk;
- Monitoring the Group's exposure to a single counterparty by managing the large exposure in the Banking Book metric;
- Exercising margin calls and liquidation of open positions when the market moves against the clients to prevent accounts from going into deficit; and
- Setting limits at client level to ensure that clients can reach a pre-determined portfolio size.

Counterparties that are present in the course of the Group's general trading business, include regulated investment firms. Such counterparties are classified as the Group's liquidity providers or execution venues, which are the second leg of execution in the Matched Principal execution model, where the investment firms under consolidation transmit CFD orders for execution, or where the Companies transmit client orders for execution under the DMA service. Policies and procedures are in place to constantly monitor the execution quality as well as the financial position of such counterparties.

Concentration of clients in various jurisdictions is also mitigated from the use of advertising and marketing in order to diversify clients based on their country of residence.

### **3.4.3 Liquidity Risk**

Liquidity risk is the risk of loss corresponding to the Group's inability to meet its cash or collateral requirements as they arise, at a reasonable cost. The primary objective in managing Liquidity risk is to ensure that the funding of activities is performed in the most cost-effective way while adhering to regulatory constraints. Funding Liquidity risk is when there are insufficient liquid assets to repay liabilities under normal and stressed market conditions.

#### *Risk Policy and Management Tools*

The principles and standards applicable to the management of Liquidity risk are defined by the established liquidity tolerance level as part of the Group's risk appetite. Furthermore, regular analysis and reporting of Liquidity risk is conducted, along with diversification practices to reduce Concentration risk and prudent cash management is implemented.

Subject to the provisions of Directive DI87-01 of CySEC for the safeguarding of financial instruments and funds belonging to clients, the applicable entities under consolidation are exposed to Liquidity risk with respect to the accounts that client funds are kept. Extreme market conditions may lead to multiple counterparties failing. Client funds are held in segregated accounts, clearly separated from the each of the funds of the entities under consolidation.

Daily reconciliations are conducted to review each individual entity's equity versus clients' equity and day-to-day cashflow is assessed under different scenarios. In addition, under the IFR/IFD framework the Group must hold liquid assets that exceed one third of the FOR at all times.

### **3.4.4 Compliance/Regulatory Risk**

Compliance/Regulatory risk is the risk of loss corresponding from legal, administrative or disciplinary sanctions, or from the failure to comply with the provisions governing the Group's activities. Compliance/Regulatory risk emanates from legal or regulatory changes that may be imposed by regulatory or supervisory bodies that could potentially have an adverse effect on the Group's financial position.

#### *Risk Policy and Management Tools*

The entities within the Group, being licensed investment firms, entails that they are regulated and supervised in the conduct of their business by the relevant national competent authorities. Furthermore the Group ensures the entities under consolidation act in the highest levels of compliance at all times in accordance with all applicable regulatory stipulations and it strives to operate in a professional, ethical and honest manner to ensure that the Group's reputation is intact as well as that all counterparties, employees and clients are protected.

The Group employs several risk mitigating strategies in order to manage Compliance/Regulatory risk, including keeping abreast with regulatory developments, participating in material regulatory

consultations, aiming to anticipate regulatory issues and providing necessary and relevant advice to the Board of Directors on an ongoing basis. The Risk Management and Compliance Departments of the applicable entities under consolidation continuously monitor issued notifications by regulatory authorities.

The Group has adequate internal procedures and policies implemented, and regular reviews are being conducted by the Internal Auditors of each individual entity under consolidation. The Group's structure promotes clear coordination of duties, and the Senior Management consists of individuals who have suitable professional experience, ethos and integrity.

In respect to the implications of Negative Balance Protection risk, the Group though it does not have contractual agreements with counterparties belonging to non-equivalent third countries, has in place all necessary arrangements to comply with the minimum additional capital buffer.

Stringent Know Your Customer ("KYC") policies and procedures are in place to ensure that high ethical and professional standards are promoted to ensure that the entities within the Group are not being used intentionally or unintentionally by criminal elements. Key elements of the Group's KYC program include customer identification and ongoing monitoring of high risk accounts.

### **3.4.5 Reputational Risk**

Reputational risk is the risk of loss should an incident urge the Group's counterparties, investors, regulators or clients to adopt an adverse perception about the Group and its image. It may also occur as an effect of poor customer service or from potential fines or sanctions imposed by a regulator, due to the loss of a key director, the loss of a large pool of clients, fraud or theft, client complaints which result in claims, legal actions against the Group and from negative publicity relating to the overall Group's operations.

#### *Risk Policy and Management Tools*

Potential adverse situations which may give rise to Reputational risk may be inadequate arrangements for negative balance protection to clients which may lead to the Group having to sustain losses. Such outcomes are mitigated by constant monitoring of clients who have negative balance in order for the entities under consolidation to promptly proceed to balance their accounts to zero, thus ensuring that clients do not lose more than what they have deposited with that entity.

In regards to public disclosures, the Group ensures that all policies that need to be disclosed are done in a timely and compliant manner, abiding by all applicable regulatory frameworks. All applicable public disclosures per entity under consolidation including but not limited to the "Disclosure and Market Discipline Report", the "Order Execution Policy" and the best execution disclosures such as the "Execution Quality Summary Statement", as well as the "Key Information Documents" are written in an as easily understandable way as possible so each client can clearly understand the content of each document, in an attempt of the Group to be as transparent as possible and to be beyond reproach against any disputes towards its reputation.

Policies and procedures are in place within the Group to create a strong internal control system to minimize Reputational risk. All of the employees in the entities under consolidation are trained and equipped with the necessary knowledge and skills to fulfill their duties.

### **3.4.6 Business/Strategic Risk**

Business risk arises from probable losses that might be incurred by the Group during unfavorable market conditions, thus having a current and potential future impact on earnings or capital from adverse business decisions, or lack of responses to industry changes by the Group in its conduct of business.

Strategic risk is the result of adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The Board of Directors is responsible for setting the strategy the Group is to abide by, while the Senior Management of all entities under consolidation is responsible for the implementation of the aforementioned strategy. Most importantly, there should be no discrepancy between the Board's and the Senior Management's interests.

#### *Risk Policy and Management Tools*

Business/Strategic risk may cause a deterioration of the Group's business and may affect the economic conditions in the markets in which it operates. Prudent and adequate business planning is effectuated to allow the Group to expand its client base and grow its revenue and profitability. Such risks have been taken into consideration when preparing the financial projections and when conducting the stress tests.

A continuous evaluation of the business plans is being undertaken to avoid potential damage to the Group's financial position due to the everchanging economic conditions.

Policies and procedures are in place to deal with potential client complaints, with such procedures being documented in the IPM of the applicable entities, and are disclosed to clients and potential clients via the relevant websites. Due to the nature of services offered, the probability of having client complaints is high, which results in Legal risk being present, despite the Group in its entirety doing its best to offer high quality services to its clients.

### **3.4.7 Conduct Risk**

Conduct risk is the risk of loss due to an action by an individual, a financial institution or the industry as a whole, which may lead to client detriment or undermining of market integrity. Consequently, Conduct risk can be understood as the current or prospective losses to an entity arising from inappropriate supply of financial services, including cases of willful or negligent misconduct.

#### *Risk Policy and Management Tools*

The Group has established adequate negative balance arrangements to protect its clients from realizing heavy losses should the market move against them. Moreover, policies and procedures are in place by the Group to diversify its liquidity providers and monitor their financial soundness on an ongoing basis.

The Group has taken all reasonable steps to identify conditions which might lead to conflicts of interest between the entities under consolidation and their employees, or between the entities under consolidation and their clients during the course of the provision of investment and ancillary services. The Compliance Officer of each entity is responsible for maintaining Chinese Walls by means of regular checks, which are monitored by the Internal Auditor. In addition, the various Companies maintain a Conflicts of Interest policy which sets out the Company's approach in identifying, managing and reporting conflicts of interest.

Furthermore, the each Company's Dealing Department is being constantly monitored and the said department is to be physically segregated from the Portfolio Management Department, where present, both in terms of location and personnel.

#### **4 REMUNERATION**

The remuneration system that is implemented by the Group on a per entity basis, incorporates elements such as fixed remuneration, variable remuneration and other benefits, taking into consideration the provisions stipulated in Law 87(I)/2017 as amended. Where applicable, severance payment also constitutes remuneration as well.

The individual entity under consolidation has established a Remuneration Policy which applies to all its employees, service providers and affiliates, with the Board of Directors having the overall responsibility to implement, monitor and review the said policy and with Senior Management ensuring that all persons remunerated by that entity have knowledge of and understand the Remuneration Policy. The said policy's philosophy is to promote sound and effective Risk Management, as well as long-term perspective by discouraging excessive risk-taking by employees and external business partners, as well as providing sufficient incentives for personnel to achieve that entity's business targets. Furthermore, the Remuneration Policy has been constructed in a way that promotes a code of conduct that ensures avoidance of potential conflicts of interest that may negatively impact each entity and its clients.

The Group is committed to base its remuneration practices on a gender-neutral approach, thus mitigating any potential for there to be a gender pay gap. This notion is prevalent on a Company-wide basis and does not only include Senior Management, Executive and Non-Executive Directors and Other Staff.

The two main remuneration structures incorporated by the Group on an individual basis within the established remuneration system, are the fixed and variable remuneration types.

##### **Fixed Remuneration**

Fixed remuneration is structured on the basis of employee compensation being attributed to metrics such as skills, experience and competencies that are commensurate with the requirements, size and scope of the position. Remuneration is aimed to be competitive to attract and retain employees as well as give the Group the capability to achieve its strategic objectives. Fixed remuneration is payable to employees in fixed monthly instalments.

##### **Variable Remuneration**

Variable remuneration is predicated on the industry objective of retaining cost flexibility while attracting and retaining employees. It has the advantage of being able to differentiate performance outcomes and drive behaviours through appropriate incentive systems that can also positively influence culture.

The Company's variable remuneration is made available to:

- All employees by means of a performance-related bonus.
- Employees of certain departments via commissions on client deposits and/or spreads.

This remuneration system reflects sustainable and risk-adjusted performance, as well as performance in excess of what is required to fulfil the employee's job description as part of the terms of employment,

and does not exceed 100% of the fixed component of the total compensation for individuals included in table 9 further below, however, subject to the approval by Board of Directors the variable component shall not exceed 200% of the fixed component.

### **Aggregated Quantitative Information**

The existing remuneration system utilised is concerned with practices relating to categories of members of staff whose professional activities have a material impact on the Group's risk profile, such as the Senior Management including Executive & Non-Executive Directors and Other Staff.

The following table serves to disclose the remuneration of the aforementioned parties within 2024, whilst segregating the remuneration figures into fixed and variable, with a clear indication of the number of individuals constituting each classification category.

In adherence to Article 30(2) of the IFD, the Group ensures that appropriate ratios are in place between Fixed and Variable remuneration per classification type, taking into consideration the existing business activities and present risks.

**Table 9: Accumulated Remuneration per Classification Type, in EUR'000**

Classification	Number of Persons	Fixed	Variable	Total Remuneration	Ratio between Fixed and Variable Remuneration
Senior Management	11	682	20	702	34:1
Other Staff	14	692	61	753	11:1
<b>Overall</b>	<b>25</b>	<b>1.374</b>	<b>81</b>	<b>1.455</b>	<b>17:1</b>

Notes on Remuneration:

- a. The entirety of variable remuneration consisted of cash payments.
- b. The Senior Management category includes the Directors from Group entities.
- c. The Other Staff category includes the control functions and other material risk takers from the Group entities, as well as individuals who satisfy Article 4(1)(c) of Commission Delegated Regulation (EU) 2021/2154.

Further to the above, TCH discloses the following in regards to its remuneration practices:

- No amounts of deferred remuneration have been awarded for previous performance periods that are due to vest in the 2024 financial year, or due to vest in subsequent years.
- No amounts of deferred remuneration is due to vest in the 2024 financial year that is paid during the financial year and that is reduced through performance adjustments.
- There is no guaranteed variable remuneration of any form.
- No severance payments have been awarded in previous years that have been paid out during the 2024 financial year.
- No severance payments have been awarded during the 2024 financial year.

## 5 APPENDIX – OWN FUNDS MAIN FEATURES

**Table 10: Template EU IF CCA: Own Funds: Main Features of Own Instruments Issued by the Firm**

Description of Main Features of Own Funds instruments		(a)
		Common Equity Tier 1 Capital
Reference		
1	Issuer	Trade Capital Holding (TCH) 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 (Currency in million, as of most recent reporting date)	EUR 3.000
7	Nominal amount of instrument	EUR 3.000
8	Issue price	Various
9	Redemption price	N/A
10	Accounting classification	Shareholder's 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