



# REPORT

## DISCLOSURE & MARKET DISCIPLINE

### ADDRESS

Kakos Premier Tower  
Kyrillou Loukareos 70  
4156 Limassol, Cyprus

### TELEPHONE & FAX

+357 25878530  
+357 25763540

### WEB

[support@jfdbank.com](mailto:support@jfdbank.com)  
[www.jfdbank.com](http://www.jfdbank.com)

FINANCIAL YEAR 2019

## Regulatory Context

For the Prudential Supervision of Investment Firms, the Management of JFD Group Ltd (hereinafter the "Company"), has an obligation to publish information relating to risks and risk management on an annual basis at a minimum. The Pillar III Disclosures Report (the "Report") has been prepared in accordance with the provisions of Part Eight of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (hereinafter the "CRR") and paragraph 32(i) of Section 4 of Part II of chapter 1 of the Cyprus Securities and Exchange Commission (hereinafter the "CySEC") Directive DI144-2014-14 of 2014.

The Company obtained its license with number CIF 150/11, to act as a Cyprus Investment Firm, on 05 August 2011. Further to the Company's CIF license extension on the 30<sup>th</sup> of October 2012 and 11<sup>th</sup> of April 2017, Table 1 below illustrates the current licence information of the Company.

**Table 1 – Company Licence Information (based on the Third Appendix of the Law)**

|                       |    | Investment services and activities |   |   |   |   |   |   |   | Ancillary services |   |   |   |   |   |   |
|-----------------------|----|------------------------------------|---|---|---|---|---|---|---|--------------------|---|---|---|---|---|---|
|                       |    | 1                                  | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 1                  | 2 | 3 | 4 | 5 | 6 | 7 |
| Financial Instruments | 1  | ✓                                  | ✓ | - | ✓ | ✓ | - | - | - | ✓                  | ✓ |   |   | ✓ |   |   |
|                       | 2  | ✓                                  | ✓ | - | ✓ | ✓ | - | - | - | ✓                  | ✓ |   |   | ✓ |   |   |
|                       | 3  | ✓                                  | ✓ | - | ✓ | ✓ | - | - | - | ✓                  | ✓ |   |   | ✓ |   |   |
|                       | 4  | ✓                                  | ✓ | - | ✓ | ✓ | - | - | - | ✓                  | ✓ |   |   | ✓ |   |   |
|                       | 5  | ✓                                  | ✓ | - | ✓ | ✓ | - | - | - | ✓                  | ✓ |   |   | ✓ |   | - |
|                       | 6  | ✓                                  | ✓ | - | ✓ | ✓ | - | - | - | ✓                  | ✓ | - | ✓ | ✓ | - | - |
|                       | 7  | ✓                                  | ✓ | - | ✓ | ✓ | - | - | - | ✓                  | ✓ |   |   | ✓ |   | - |
|                       | 8  | ✓                                  | ✓ | - | ✓ | ✓ | - | - | - | ✓                  | ✓ |   |   | ✓ |   |   |
|                       | 9  | ✓                                  | ✓ | - | ✓ | ✓ | - | - | - | ✓                  | ✓ |   |   | ✓ |   |   |
|                       | 10 | ✓                                  | ✓ | - | ✓ | ✓ | - | - | - | ✓                  | ✓ |   |   | ✓ |   | - |

The information provided in this report is based on procedures followed by the Management to identify and manage risks for the year ended 31 December 2019 and on reports submitted to CySEC for the year under review.



## **Risk Management Framework**

The Board of Directors of JFD Group has the ultimately responsibility for establishing a risk management framework, which ensures sound system of internal controls and risk management policies are in place to identify, measure, monitor and/or manage the major risks faced by the Company. The Board sets the risk appetite and the overall risk tolerance levels appropriate for the size, scale and strategic growth objectives of JFD Group.

The risk management framework provides the Board with an assurance that risks are managed in accordance with the strategic objectives and risk tolerance levels set. It is an enabler for continuous assessment of the overall capital adequacy and liquidity position of JFD Group.

## **Risk Management Function**

The Company operates a dedicated Risk Management function under which the Risk Manager is responsible for implementing the Risk Management Policy. The Company appears to have in place risk management policies and procedures which identify the risks relating to the Company's activities, processes, and systems, and where appropriate, set the level of risks tolerated by the Company.

Further to the above, the Risk Management function maintained a risk register which is used for the purpose of documenting risks that the Company may face or currently faces, the probability and severity of risk category, the controls in place for mitigation for such risks and the actions to be taken.

## **Risk Appetite Statement**

The Risk Appetite Statement defines the level of risk the Board is willing to take in pursuit of its business objectives and strategic goals. It defines the parameters within which the Company can operate and the relevant risks it can assume, both on an individual as well as on an aggregated basis.

The Risk Appetite Statement includes some high-level principles and key risk indicators to alert Management and the Board of Directors of any risk concerns, and triggering appropriate responsive actions. Specific limits are in place, which are embedded in the risk monitoring systems and reporting, to cap the amount of risk the Company will take.

## Risk Capital Management

The adequacy of the Company's capital is monitored by reference to the rules established by the Basel Committee as adopted by CySEC. In December 2007 CySEC issued the Directive DI144-2007-05, as later amended, for the calculation of the capital requirements of Investment Firms adopting the relevant European Union directive. Basel II consists of three pillars: (I) minimum capital requirements, (II) supervisory review process and (III) market discipline.

### *Pillar I – Minimum Capital Requirements*

The Company adopted the Standardised approach for Credit and Market risk.

According to the Standardised approach for credit risk, in calculating the minimum capital requirement, risk weights are assigned to exposures, after the consideration of various mitigating factors, according to the exposure class to which they belong. For exposures with institutions, the risk weight also depends on the term and maturity period of the exposure. The categories of exposures the Company is exposed to with regards to credit risk, are deposits with banks, fixed assets and other current assets.

The Standardised measurement method for the capital requirement for market risk adds together the long and short positions of foreign exchange risk according to predefined models to determine the capital requirement. The main sources of foreign exchange risk for the Company are certain bank balances in foreign currencies.

### *Pillar II – The Supervisory Review Process (SRP)*

The Supervisory Review Process provides rules to ensure that adequate capital is in place to support any risk exposures of the Company in addition to requiring appropriate risk management, reporting and governance structures. Pillar II covers any risk not fully addressed in Pillar I, such as concentration risk, reputation risk, business and strategic risk and any external factors affecting the Company.

Pillar II connects the regulatory capital requirements to the Company's internal capital adequacy assessment procedures (ICAAP) and to the reliability of its internal control structures. The function of Pillar II is to provide communication between supervisors and investment firms on a continuous basis and to evaluate how well the investment firms are assessing their capital needs relative to their risks. If a deficiency arises, prompt and decisive action is taken to restore the appropriate relationship of capital to risk.

### *Pillar III – Market discipline*

Market Discipline requires the disclosure of information regarding the risk management policies of the Company, as well as the results of the calculations of minimum capital requirements, together with concise information as to the composition of original own funds. In addition, the results and conclusions of ICAAP are disclosed.

The Company has established the Internal Capital Adequacy Assessment Process (hereinafter, the "ICAAP"), and updates its ICAAP report annually as per the Guidelines GD-IF-02 & GD-IF-03. Upon CySEC's request the ICAAP Report shall be submitted to CySEC.

In addition, the Company during 2019 has updated its ICAAP Report for the year 2018 based on the Audited Financial Statements of 2019, as per the Guidelines GD-IF-02 & GD-IF-03.

### *Capital adequacy ratio – Own Funds*

The primary objective of the Company's capital management is to ensure that the Company complies with externally imposed capital requirements and that the Company maintains healthy capital ratios in order to support its business and to maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of its activities.

CySEC requires each investment firm to maintain a minimum ratio of capital to risk weighted assets of 8%. CySEC may impose additional capital requirements for risks not covered by Pillar I.

During 2019 the Company had the below capital requirements as shown in the table:

|  | 2019          | 2018          |
|--|---------------|---------------|
|  | €000          | €000          |
| <b>Eligible Own Funds</b>                        |               |               |
| Original Own Funds (Tier 1 + Tier 2 Capital)     | <b>2,055</b>  | <b>1,765</b>  |
| <b>Capital Requirements/Risk Weighted Assets</b> |               |               |
| Credit risk                                      | 3,008         | 2,890         |
| Foreign Exchange Risk                            | 397           | 340           |
| Fixed Overhead Risk                              | 9,020         | 6,619         |
| Total Risk Exposure                              | <b>12,426</b> | <b>9,849</b>  |
| <b>Capital Adequacy Ratio</b>                    | <b>16,54%</b> | <b>17,92%</b> |

## Principal risks to JFD Group Ltd

### 1. Credit risk

In the ordinary course of business, the Company is exposed to credit risk, which is monitored through various control mechanisms. Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

The Company has no significant concentration of credit risk while it uses the Standardized Approach to Credit Requirements for the calculation of its credit risk. When calculating risk-weighted exposures, risk weights are determined based on External Credit Assessment Institutions' ratings (S&P, Moody's, Fitch). Trade receivables are shown net of any provision made for impairment. The management believes that no additional credit risk, beyond amounts provided for collection losses, is inherent in the trade receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

#### Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk.

|   | Maximum exposure to credit risk |              |
|---|---------------------------------|--------------|
|   |                                 |              |
|   | 2019                            | 2018         |
|   | €000                            | €000         |
| Institutions  | 1,624                           | 581          |
| Other assets and receivables                          | 1,802                           | 3,608        |
|   |                                 |              |
| <i>Total carrying amount</i>                          | <b>3,425</b>                    | <b>4,189</b> |
| Total Risk weighted exposure                          | <b>3,006</b>                    | <b>2,898</b> |
| <b>Credit Risk (8% of total risk weighted assets)</b> | <b>241</b>                      | <b>232</b>   |
|   |                                 |              |

## 2. Market Risk

### 2.1. Foreign Exchange Risk

The Company's reporting currency is the Euro. Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's reporting currency.

For the year under review, the Company's exposure to foreign exchange risk is Euro 397,533.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

### 2.2. Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

As of 31 December 2018, the Company has a total of EUR 1,505,000 shareholders loans, bearing fixed interest. However, the Company's management considers the impact of interest rate price risk (fair value) risk not having a significant impact on the Company's risk profile.

### 2.3. Liquidity Risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has policies and procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

In accordance with the CySEC clients' money rules, the Company holds in segregated, clearly designated as clients' money bank accounts, all the funds of its clients. Therefore, the Company considers liquidity risk in relation to all clients' trading activity to be significantly low.

### 3. Other Risks

#### 3.1. Fixed Overhead Risk

Fixed Overhead Risk is the risk that the company does not hold 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.

The calculation of the eligible capital is based on the fixed overheads of the preceding year by excluding the following items from the total expenses:

- fully discretionary staff bonuses
- employees', directors' and partners' shares in profits, to the extent that they are fully discretionary
- other appropriations of profits and other variable remuneration, to the extent that they are fully discretionary
- shared commission and fees payable which are directly related to commission and fees receivable, which are included within total revenue, and where the payment of the commission and fees payable is contingent upon the actual receipt of the commission and fees receivable
- fees, brokerage and other charges paid to clearing houses, exchanges and intermediate brokers for the purposes of executing, registering or clearing transactions
- fees to tied agents
- interest paid to customers on client money
- non-recurring expenses from non-ordinary activities.

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.

For the year under review, the Company's additional risk exposure due to fixed overheads is Euro 8 984 000.

#### 3.2. Operational Risk

Operational risk is the risk of loss arising from fraud, unauthorized activities, error, omission, inefficiency, systems failure or external events. It is inherent in every business organization and covers a wide range of issues.

The Company manages operational risk through a control-based environment in which processes are documented and transactions are reconciled and monitored. This is supported



by a program of audits undertaken by the Internal Auditors of the company and by continuous monitoring of operational risk incidents to ensure that past failures are not repeated.

In light of the Covid -19 situation and the preparation of the present report, the Company is not impacted by the current ongoing events in any negative way neither experienced any implications on its operations. The Company demonstrated the utmost of due diligence in this evolving situation and many employees are working remotely from their homes without any significant damage on the company's performance and with no negative impact on the level of customer support.

### 3.3. Concentration Risk

This includes large individual exposures and significant exposures to companies whose likelihood of default is driven by common underlying factors such as the economy, geographical location, instrument type etc.

The Company has no significant concentration of credit risk. Due to these factors, management believes that no additional credit risk beyond any amounts provided for collection losses is inherent in the Company's trade receivables.

The Company has a policy in place to monitor debts overdue by preparing debtors ageing reports. Fees receivable which are past due the payment period are chased for collection.

### 3.4. Reputation Risk

Reputation risk is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Company on the part of customers, counterparties, shareholders, investors or regulators. Reputation risk could be triggered by poor performance, the loss of one or more of the Company's key directors, the loss of large clients, poor customer service, fraud or theft, customer claims and legal action, regulatory fines.

The Company has transparent policies and procedures in place when dealing with possible customer complaints in order to provide the best possible assistance and service under such circumstances. The possibility of having to deal with customer claims is very low as the Company provides high quality services to clients.

In addition, the Company's Board of Directors is made up of high caliber professionals who are recognized in the industry for their integrity and ethos; this adds value to the Company.

### 3.5. Strategic Risk

This could occur as a result of adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The Company's exposure to strategic risk is moderate as policies and procedures to minimize this type of risk are implemented in the overall strategy of the Company.

### 3.6. Business Risk

This includes the current or prospective risk to earnings and capital arising from changes in the business environment including the effects of deterioration in economic conditions. Research on economic and market forecasts are conducted with a view to minimize the Company's exposure to business risk. These are analyzed and taken into consideration when implementing the Company's strategy.

### 3.7. Capital Risk Management

This is the risk that the Company will not comply with capital adequacy requirements. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company has a regulatory obligation to monitor and implement policies and procedures for capital risk management. Specifically, the Company is required to test its capital against regulatory requirements and has to maintain a minimum level of capital. This ultimately ensures the going concern of the Company. Such procedures are explained in the Procedures Manual of the Company.

The Company is further required to report on its capital adequacy quarterly and has to maintain at all times a minimum capital adequacy ratio which is set at 8%. The capital adequacy ratio expresses the capital base of the Company as a proportion of the total risk weighted assets. Management monitors such reporting and has policies and procedures in place to help meet the specific regulatory requirements. This is achieved through the preparation on a monthly basis of management accounts to monitor the financial and capital position of the Company.

### 3.8. Regulatory Risk

Regulatory risk is the risk the Company faces by not complying with relevant Laws and Directives issued by its supervisory body. If materialized, regulatory risk could trigger the effects of reputation and strategic risk. The Company has documented procedures and policies based on the requirements of relevant Laws and Directives issued by the Commission.

Recent regulatory publications by CySEC and the ESMA temporary restrictions indicate that several material changes are made on how CFD Brokers can operate. These changes include caps on the amount of leverage which can be offered, changes to margin call levels and the introduction of Negative Balance Protection as a regulatory requirement.

The Company maintains regular contact with both CySEC and compliance team to ensure that we are always in line with the existing regulations and that we are operating in a compliant manner.

Compliance with these procedures and policies are further assessed and reviewed by the Company's Internal Auditors and suggestions for improvement are implemented by management. The Internal Auditors evaluate and test the effectiveness of the Company's control framework at least annually. Therefore, the risk of non-compliance is very low.

### 3.9. *Legal and Compliance Risk*

This could arise as a result of breaches or non-compliance with legislation, regulations, agreements or ethical standards and have an effect on earnings and capital. The probability of such risks occurring is relatively low due to the detailed internal procedures and policies implemented by the Company and regular reviews by the Internal Auditors. The structure of the Company is such to promote clear coordination of duties and the management consists of individuals of suitable professional experience, ethos and integrity, who have accepted responsibility for setting and achieving the Company's strategic targets and goals. In addition, the board meets at least annually to discuss such issues and any suggestions to enhance compliance are implemented by management.

### 3.10. *IT Risk*

IT risk could occur as a result of inadequate information technology and processing or arise from an inadequate IT strategy and policy or inadequate use of the Company's information technology. Specifically, policies have been implemented regarding back-up procedures, software maintenance, hardware maintenance, use of the internet and anti-virus procedures. Materialization of this risk has been minimized to the lowest possible level.

### 3.11. *Money Laundering and Terrorist Financing Risk*

Money laundering and terrorist financing risk mainly refers to the risk that the Company may be used as a vehicle to launder money and/or finance terrorism. The Company has established 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:

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- 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 (i.e. documents from independent and reliable sources, third party information, documentary evidence),
- 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,
- ensuring that the Company's personnel receive the appropriate training and assistance,
- on-going monitoring of high-risk Clients' transactions and activities, as and if applicable.

During the year under review, the Company maintained its policies, procedures and controls with respect to money laundering and terrorist financing and provides, inter alia, details and further information with respect to the abovementioned measures (points (a) to (f)).

The aim of the Company is for the materialization of the Money Laundering and Terrorist Financing risk to be minimized to the lowest possible and, as such the Company has initiated a program to supervise and examine in detail any areas identified as a risk and undertake relevant remedy measures/actions, as and when required.

### 3.12. *Group Risk*

Group Risk could occur as adverse impact due to relationships (financial or non-financial) of the Company with other entities in the group. The company is reliant on certain services from other entities of the Group including the parent company. Lastly the reputation of the group overall, as well as the members of the group are highly correlated with the reputation of JFD.

Management ensures independence between entities to minimize impact of any regulatory or reputational events in other group operations. In the event of group structure change (i.e. new companies added to the Group) the Board and the Risk Manager consider and analyze the risks under such a structure in relation to regulatory, reputational, credit and operational risk.

#### 4. Remuneration policy

The Company has developed and implemented a Remuneration Policy which is considered appropriate to its size, internal organisation and the nature, the scope and the complexity of its activities whilst adhering to the provisions the Investment Services and Activities and Regulated Markets Law of 2017, ESMA/2016/904 and Directive DI144-2014-14 of 2014 of the Cyprus Securities and Exchange Commission for the Prudential Supervision of Financial Firms.

Further and as per to Article 27 of the Commission Delegated Regulation (EU) 2017/565 with regards to organisational requirements for the authorisation of investment firms, the Company has to ensure that the Remuneration Policy is not solely or mainly based on quantitative commercial criteria, but takes into account appropriate qualitative criteria.

##### 4.1. *Remuneration System*

The Company's remuneration system and policy is concerned with practices of the Company for those categories of staff whose professional activities have a material impact on its risk profile, i.e. the Senior Management, 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' are linked to the Company's performance, to provide an incentive to achieve the key business aims and deliver an appropriate link between reward and performance whilst ensuring base salary levels are not set at artificially low levels. The Company uses remuneration as a significant method of attracting and retaining key employees whose talent can contribute to the Company's short- and long-term success.

The remuneration mechanisms employed are well known management and human resources tools that consider the staff's skills, experience and performance, whilst supporting at the same time the long-term business objectives.

The Company's remuneration system considers the highly competitive sector in which the Company operates, and the considerable amount of resources the Company invests in each member of the staff.

It is noted that the Company has considered its size, internal organization and the nature, the scope and the complexity of its activities and it does not deem necessary the establishment of a specific remuneration committee. Decisions on these matters are taken on a Board of Directors level while the remuneration policy is periodically reviewed.

The total remuneration of staff currently consists of a fixed component. The remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, experience, accountability, and responsibility needed for an employee to perform each position/role. The

remuneration is also set in comparison with standard market practices employed by the other market participants/ competitors.

## 4.2 Performance Appraisal

The Company will implement a performance appraisal method, which is based on a set of Key Performance Indicators, developed for each business unit and for the Company as a whole. The appraisal process is performed as follows:

- Objectives set: in the beginning of each month and/or quarter (each department is being appraised in different periods) defining what the Company functions, departments and individuals are expected to achieve over an upcoming period of time.
- Performance checks and feedbacks: managers provide support and feedback to the concerned staff during the time periods decided, during the daily activities or during formal or informal performance reviews; the aim is to assist the staff to develop their skills and competencies.
- Annual performance evaluation: takes place annually, usually at the end of each year.

## 4.3 Remuneration of Key Management Personnel and Directors

The gross remuneration of the key management personnel of the Company, including Board of Directors, in 2019, was as shown in the following tables:

| Broken down by Management area        | 2019           |
|---------------------------------------|----------------|
|                                       | €              |
| Key Management Personnel Remuneration | 368,000        |
| Directors Remuneration                | 409,000        |
|                                       |                |
| <b>Total</b>                          | <b>777,000</b> |

## 5. Directorships<sup>1</sup> held by Members of the Management Board

In 2019, 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 in other company boards:

| Name                       | Position in the CIF      | Directorships<br>(Executive) | Directorships<br>(Non- Executive) |
|----------------------------|--------------------------|------------------------------|-----------------------------------|
| Lars Gottwik               | Executive Director       | 1                            | -                                 |
| Joseph Tsirakkis           | Executive Director       | 3                            | -                                 |
| Alexis Couvas              | Executive Director       | 1                            | -                                 |
| Demetrios Tsingis          | Non-executive Director   | 1                            | 3                                 |
| Frank Hugo Oskar Pannhorst | Non-executive Director   | 1                            | 1                                 |
| Nikolaos Kelepeniotis      | Non – Executive Director |                              | 6                                 |

The Company's Board of Directors (the "Board") is required to assess and review the effectiveness of the policies, arrangements and procedures put in place for the Company to comply with its obligations under the Investment Services and Activities and Regulated Markets Law of 2017 (the "Law"), as subsequently amended or replaced, as well as the relevant CySEC Directives and the CRR, and to take appropriate measures to address any deficiencies.

In particular, when assessing risks, the responsibilities of the Board of Directors and Senior Management may be summarized as follows:

- Approve and periodically review the corporate objectives and risk strategies and policies for managing, monitoring, and mitigating the risks that the Company is or might be exposed to.
- Ensure that all risk management regulatory requirements are applied, and that appropriate systems and controls are introduced
- Establish a suitable internal control system
- Assessing and approving the annual report and taking appropriate actions to remedy any weaknesses and/or deficiencies identified in the annual report.

<sup>1</sup> Including JFD group of Companies

## 6. Diversity of the Board of Directors

The Board of Directors shall effectively direct the business of the Company. Considering that, the Directors chosen are of sufficiently good repute and sufficiently experienced so as to ensure the sound and prudent management of the Company. The Company has no significant concentration of management risk since each of the Directors has many years of experience in the financial industry as well as a wide knowledge of the markets. In addition, all of the Directors come from different professional backgrounds (i.e. finance, legal, tax, business management), hence the Board is at all times sufficiently provided with diverse consultations for any emerging matter.