Maxiflex Ltd

PILLAR III DISCLOSURES IN ACCORDANCE WITH THE EUROPEAN REGULATION No. 575/2013 ON PRUDENTIAL REQUIREMENTS OF CREDIT INSTITUTIONS AND INVESTMENT FIRMS FOR THE YEAR ENDED 31 DECEMBER 2020

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1. GENERAL INFORMATION AND SCOPE OF APPLICATION

1.1. Regulatory Requirements

Maxiflex Ltd ("the Company"), is registered as a Cypriot Investment Firm ("CIF") and is regulated by the Cyprus Securities and Exchange Commission ("CySEC"), since 10 November 2014, under License number 258/14.

The Company has prepared these disclosures in accordance with the requirements of Part Eight of the European Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 ("the Regulation" or "the CRR") and Directives D144-2014-14 and DI144-2014-15 ("the Directives") issued by the CySEC.

The abovementioned regulatory framework on capital adequacy consists of three 'Pillars', namely:

- Pillar I - this sets out the minimum capital requirements firms are required to meet in relation to credit, market and operational risk;
- Pillar II - this covers the Supervisory Review and Evaluation Process ("SREP") which assesses institutions' Internal Capital Adequacy Assessment Process ("ICAAP") and provides for the institutions to evaluate and assess whether they should hold additional capital against risks not covered by Pillar I.
- Pillar III - this seeks to improve market discipline by requiring institutions to publish certain details of their risks, capital and risk management practices.

Recent Developments - New Prudential Framework

The capital adequacy and overall risk management requirements that currently apply to the Company under the CRR and CRDIV prudential framework, will be replaced by amended prudential rules established by the EU Regulation 2019/2033 ("Investment Firm Regulation" or "IFR") and the EU Directive 2019/2034 ("Investment Firm Directive" or "IFD"), which shall become applicable on 26th of June 2021.

The new rules introduce changes in the methodologies that EU investment firms are required to apply for calculating their exposures to risk and their capital adequacy ratio and in this respect, the Company has assessed the impact that these changes are expected to have on its solvency position, in order to take timely action and be in a position to adopt the new rules.

1.2. Principal Activities

In accordance with the provisions of Law 87(I)/2017 which provides for the provision of investment services, the exercise of investment activities, the operation of regulated markets and other related matters (hereinafter "the Law"), the Company is licensed to conduct the following services:

Investment Services

- Reception and Transmission of orders in relation to one or more Financial Instruments;
- Execution of orders on behalf of Clients;
- Portfolio Management; and
- Provision of Investment Advice.

Ancillary Services

- Safekeeping and administration of Financial Instruments, including custodianship and related services;
- Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
- Foreign exchange services where these are connected to the provision of investment services; and
- Investment research and financial analysis or other forms.

1.3. Disclosure Policy

Fundamentally, the Pillar III requires the Company to develop a set of disclosures which allow market participants to assess key information about the Company's underlying risks, risk management controls and capital position.

According to Part Eight of the Regulation, the Company at least on an annual basis publishes the Pillar III Disclosures on its website (www.europefx.com) in conjunction with the date of publication of its financial statements.

Where the Company has considered a disclosure to be immaterial, confidential or proprietary it has stated the fact within this document and omitted the disclosure of the relevant information from this report. In addition, information that was not applicable for the year ended 31 December 2020 based on the Company's business and activities has also been excluded from this report.

1.4. Scope of the Disclosure

The Management of the Company, in accordance with the provisions of Part Eight of the CRR and paragraph 32(1) of DI144-2014-14 of the CySEC for the prudential supervision of investment firms, has an obligation to publish information relating to risks and risk Management on an annual basis at a minimum.

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 2020 and on reports submitted to CySEC for the year under review.

The Company is making the disclosures on an individual (solo) basis.

1.5. Covid-19 Disclosure

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time.

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

The Company's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's Management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

2. RISK MANAGEMENT OBJECTIVES AND POLICIES

2.1. General

Risk Management Policy

The Company's Risk Management Policy aims to elucidate the approach taken by Maxiflex Ltd towards the risks confronted by the Company and the principles guiding its approach. The analysis refers to the risks faced by the Company and the strategies employed for their mitigation or elimination.

Risk Management Objectives

The Company implements and maintains risk management policies and procedures which identify the risks relating to its activities, processes and systems, and where appropriate, set the level of risk tolerated by the Company. The Company also adopts effective arrangements, processes and systems, in light of that level of risk tolerance, where applicable.

The internal control system and supervision of the overall risk system of the Units assigned with the responsibility of risk management is overseen by the following Committees/Units:

- Board of Directors;
- Risk Management Committee;
- Investment Committee;
- Remuneration Committee;
- Data Protection Officer;
- Risk Management Department;
- Compliance and Anti-Money Laundering Compliance Department; and
- Internal Audit Function (outsourced).

Internal Capital Adequacy Assessment Process (ICAAP)

In accordance with the Directives:

- The Company shall have in place sound, effective and complete strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital that it considers adequate to cover the nature and level of the risks to which it is, or might be, exposed. To this respect, the Company shall adopt the relevant guidelines issued by CySEC.
- These strategies and processes shall be subject to regular internal review to ensure that they remain comprehensive and proportionate to the nature, scale and complexity of its activities.

The ICAAP (Pillar II) ensures the appropriate identification and measurement of risks, an appropriate level of internal capital in relation to the Company's risk profile and the application and further development of suitable risk management and internal control systems. Moreover, Pillar II complements and strengthens Pillar I by considering risks not covered in Pillar I. It involves corporate governance assessment, quantitative and qualitative risk management framework, forward-looking capital planning and stress testing, offering a comprehensive and robust evaluation of the Company's capitalization.

The Company has implemented its ICAAP on a solo basis, and in a manner that is comprehensive and proportionate to the nature and level of the risks borne. The capital allocation for Pillar II has been performed taking into consideration the capital assigned for Pillar I (Pillar I plus approach). Having identified all the material risks that the Company faces in conjunction with the stress testing scenarios performed, the Management and the Board proceeded to assigning the required capital considered as adequate to cover all additional risks which were not reflected in its Pillar I calculations. After this thorough review, Maxiflex has allocated €414 thousand for Pillar II risks.

The Company taking into consideration the requirements of the Law has an ICAAP report as of 30 September 2019 and is in the process of preparing the ICAAP as of March 2021.

2.2. Board of Directors

The Board of Directors is responsible for overlooking the operations of the Company. The members of the Board of Directors shall at all times be of sufficiently good repute and possess sufficient knowledge, skills and experience to perform their duties. The Board of Directors bears the responsibility among others to oversee and monitor the objectives and general policies of the Company. With respect to the management of risk, the Board has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Board is also responsible among others for establishing and amending, where necessary, the internal control procedures. It also ensures that the Company has the sufficient human and technical resources required for the performance of its duties. As at 31 December 2020, the Company's Board of Directors consisted of two (2) Executive and three (3) Non-executive Directors.

2.3. Risk Management Committee

The Board of Directors establishes a Risk Management Committee made up of two members - one Executive Director and the Head of the Receptions and Transmissions and Execution of Orders officer. During 2020 the Risk Management Committee held one meeting.

The Risk Management Committee bears the responsibility to monitor the adequacy and effectiveness of the risk management policies and procedures established by the Company, the level of compliance by the Company and its relevant persons with these policies and procedures, as well as the adequacy and effectiveness of the measures taken to address any deficiencies with respect to the said policies and procedures, including compliance failures by the Company and its relevant persons.

2.4. Investment Committee

The Company has formed an Investment Committee to ensure the practice of a proper investment policy and the monitoring of the provision of investment services to Clients.

The Company's Investment Committee is comprised of three members - an Executive Director, the Head of Reception and Transmission of Orders and the Head Portfolio Management and Investment Advice.

The responsibilities of the Investment Committee include, inter alia, the following:

- Supervising the proper choice of investments (framework for investment decisions);
- Performing information analysis for adequate briefing prior to decision-making;
- Analyzing the investment potential and contributing to the elaboration of the investment policy;
- Determining the Company's pricing policy;
- Establishing, approving, adjusting and monitoring the Company Investment Policy in relation to the Portfolio Management Department by using the recommendations of the Head of the relevant Department through the Investment Reports, as applicable;
- Establishing risk profile categories for each Client (e.g. cautious, balance, growth, aggressive);
- Analyzing the economic conditions and the investment alternatives based on a thorough examination of third-party reports;
- Selecting appropriate benchmarks for different types of portfolios, where applicable;
- Examining the returns and the associated risks of the managed portfolios; and
- Deciding upon the markets and types of financial instruments in which the Company shall be active.

2.5. Risk Management Department

The Risk Management Department is an independent function with a direct reporting line to the Senior Management and the Board of Directors.

The main responsibilities of the Risk Management Department include the following:

- Monitoring the Company's exposure to market, credit and operational risk;
- Producing risk analysis reports and escalating any issues;
- Presenting relevant analysis to Senior Management;
- Assisting with the drafting and review of the ICAAP Report and Manual;
- Assisting with the drafting and review of the Company's Risk Management Disclosures;
- Undertaking any other functions related to the Company's management of risks;
- Preparing, developing and implementing an overall risk management process relevant with the Company's business;
- Carrying out risk assessment, analysis and enforcement of a Business Continuity Plan;
- Identifying, describing and evaluating the risks affecting the Company;
- Performing risk appraisal, which includes comparison of estimated risks with criteria set out by the Company (such as costs, legal framework and other factors);

- Preparing any risk-related regulatory reports;
- Quantifying the risk appetite of the Company;
- Reporting on risk in an appropriate and understandable way, to the Board of Directors in order to comprehend the most significant risks, to the Management to ensure that they are aware of the risks relevant to the Company's operations and to employees to understand their accountability with relation to risk;
- Liaising with internal and external auditors; and
- Providing support and training to the staff in order to build risk awareness.

2.6. <u>Compliance and Anti-Money Laundering Department</u>

The Company's Compliance and Anti-Money Laundering ("AML") Department operates in-house and is independent of the functions it oversees. The Company ensures that the Compliance and AML Department has at all times, the authority and the resources needed to perform its responsibilities efficiently and persistently. The Department has a direct line of communication to the Senior Management and the Board.

As a general duty, the Compliance and AML Department aims to ensure and safeguard that the Company complies with external rules and internal policies which are in line with the applicable regulatory framework, on a national and international level. The Company has in place agreements for supporting the tasks of the Department through cooperation with consultancy and legal firms, as well as with its internal and external auditors.

The main role of the Department is to enhance the development of a compliance culture, provide training and education, advise on regulatory issues and take actions accordingly, handle complaints received either by clients, regulatory authorities or other bodies, facilitate the communication between the Company and the regulator/s, monitor and control.

On a constant basis, the Compliance and AML Department identifies and assesses the risks that the Company might face due to possible non-compliance and proposes mitigation measures. Additionally, the Department implements controls and mechanisms needed for compliance, and updates the Company's policies with reference to the legislative background governing the provision of investment and ancillary services. The Department must have a supervisory role, act independently and report directly to the Board of Directors. The Company has set the following parameters of prior importance that shall be followed and preserved continuously in order to ensure that it remains compliant with internal and external requirements throughout its operation:

- Development of customer support orientation;
- Continuous training of employees and Board of Directors;
- Compliance with Regulation and Directives;
- Preserve investor protection;
- Achieve fair and transparent trading environment;
- Apply risk management controls and tools; and
- Prevent Money Laundering and Financial Crime Risk.

Among other responsibilities, the Compliance and AML Department:

- Designs, based on the general policy principles, the internal practice, measures, procedures and controls relevant to the prevention of money laundering and terrorist financing, and describes and explicitly allocates the appropriateness and the limits of responsibility of each department that is involved in the abovementioned;
- Develops and establishes the customers' acceptance policy, and submits it to the Board of Directors for consideration and approval;
- Prepares a risk management and procedures manual regarding money laundering and terrorist financing;
- Monitors and assesses the correct and effective implementation of the AML policy, the practices, measures, procedures and controls and in general the implementation of the AML risk management and procedures manual;
- Receives, evaluates and examines information from the Company’s employees which is considered to be knowledge or suspicion of money laundering or terrorist financing activities or that might be related to such activities;
- Acts as the first point of contact with MOKAS, upon commencement and during an investigation as a result of filing a report to MOKAS;
- Ensures the preparation, maintenance and updating of the lists of customers categorized following a risk-based approach;
- Detects, records and evaluates, at least on an annual basis, all risks arising from existing and new customers, new financial instruments and services and updates and amends the systems and procedures applied by the Company for the effective management of the aforementioned risks;
- Provides advice and guidance to the employees of the Company on subjects related to money laundering and terrorist financing;
- Acquires the required knowledge and skills for the improvement of the appropriate procedures for recognizing, preventing and obstructing any transactions and activities that are suspected to be associated with money laundering or terrorist financing;
- Determines the Company’s departments and employees that need further training and education for the purpose of preventing money laundering and terrorist financing and organizes appropriate training sessions/seminars;
- Prepares the Anti-Money Laundering report; and
- Responds to all requests and queries from MOKAS and the CySEC, provides all requested information and fully cooperates with MOKAS and the CySEC.

2.7. Internal Audit Function

The Internal Audit Function acts independently and determines the key risks that the Company faces, including emerging and systemic risks, and how effectively these risks are being managed. In particular, the overall scope of the Internal Audit function comprises the below:

- To provide independent assurance to the Board of Directors and Senior Management on the quality and effectiveness of the Company’s internal control, risk management and governance systems and processes/procedures in place;
- To assess and evaluate the presence and adequacy of a continuous audit trail in the

Company;
- To review and assess the general compliance of the Company with the relevant CIF organizational structure and operating conditions and requirements, including the operation of outsourced activities, where applicable;
- To inspect and examine the adequacy of the Client Account Opening Procedures;
- To assess and evaluate the adequacy of the policies, practices, measures, procedures and control mechanisms applied by the Company for the prevention of money laundering and terrorist financing;
- To ensure compliance of the Company with its obligations for the conduct of its business obligations when providing services to clients;
- To inspect and examine the adequacy of the Company's basic accounting practices and financial information;
- To ensure compliance of the various departments of the Company with the regulatory framework;
- To review and report to Senior Management and the Board, any matters that reach its attention during its on-site inspection, providing recommendations; and
- To provide an independent assurance to Senior Management and the Board of Directors on the quality and effectiveness of the Company's internal control, risk management and governance systems and processes/procedures in place.

The Company has outsourced the Internal Audit function to an external firm.

2.8. Directorships

As per Section 9(4) of the Law 87(I)/2017, the number of directorships which may be held by a member of the Board of Directors at the same time shall take into account individual circumstances and the nature, scale and complexity of the CIF's activities. Unless representing the Republic, members of the Board of Directors of a CIF that is significant in terms of its size, internal organization and the nature, the scope and the complexity of its activities shall not hold more than one of the following combinations of directorships at the same time:

- One Executive Directorship with two Non-Executive Directorships;
- Four Non-Executive Directorships.

For the purposes of the above, the following shall count as a single directorship:

- Executive or Non-Executive Directorships held within the same group;
- Executive or Non-Executive Directorships held within:
  - Institutions which are members of the same institutional protection scheme, provided that the conditions set out in Article 113(7) of the CRR are fulfilled; or
  - Undertakings (including non-financial entities) in which the CIF holds a qualifying holding.

The table below provides the number of directorships that each member of the Company's Board of Directors holds at the same time in other entities, including the directorship held in the Company. It shall be noted that, directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below. Furthermore, Executive or Non-Executive directorships held within the same group, are considered as a single directorship.

No.	Name of Director	Executive Directorships	Non-Executive Directorships
1.	Marios Oikonomidis - Executive Director	1	1
2.	Keith Ioakim - Executive Director	1	-
3.	George Ioulianos - Non-Executive Director	-	2
4.	Ioannis Papapetrou - Non-Executive Director	-	2
5.	Roy Almagor - Non-Executive Director	-	2

** The information in this table is based only on representations made by the Directors of the Company.*

2.9. Recruitment Policy

For the positions of the members of the Board of Directors, General Manager and other managerial staff, the Company proceeds by selecting the most appropriate candidate based on the guidelines given by Section 46.-(1) of the Law L. 87(I)/2017 which provides that the persons who effectively direct the business of a CIF shall be "of sufficiently good repute, possess sufficient knowledge, skills and experience and commit sufficient time to perform their duties" in the CIF. The Board of Directors decides whether a potential candidate is "fit and proper" taking into consideration various factors such as:

- Skills and knowledge of the candidate in accounting, finance, law, business administration and other related areas;
- Integrity, honesty, trustworthiness;
- Knowledge of the financial sector and of the governing regulatory framework;
- Sound business judgment;
- Relevant previous experience; and
- Clear criminal record.

The Board of Directors will determine whether the applicant is considered to be suitable and CySEC's approval will be sought.

2.10. Diversity Policy

The Company perceives that directors are expected collectively to apply operational and financial strategies for the organization and monitoring of the efficiency of the Company's policies and practices. The Company is committed to develop a robust corporate governance framework, by enhancing a diverse and independent working environment at all levels. The General Manager in cooperation with the Compliance & AML and Risk Departments are responsible for ensuring that the Board of Directors is at all times well diversified. By having a diverse Board, the Company is benefited from the variety in the skills, experience, knowledge and background of each member of the Board.

2.11. Information Flow on risk to the Management Body

The Board is updated regarding any risk issues by the Risk Manager and is informed of the Risk Management Committee resolutions. In addition, it receives reports on Internal Audit, Compliance and Money-Laundering issues at least annually. The following table presents the main pieces of information provided to the Board on risk-related issues:

Information	Report prepared by:	Report received by:	Frequency
Risk Management Report	Risk Manager	Board	Annually
Internal Audit Report	Internal Auditor	Board	Annually
Compliance Report	Compliance Officer	Board	Annually
AML Compliance Report	AML Compliance Officer	Board	Annually
Suitability Report	External Auditor	Board	Annually
Audited Financial Statements	External Auditor	Board	Annually

3. BOARD DECLARATION - ADEQUACY OF RISK MANAGEMENT ARRANGEMENTS

The Board acknowledges the responsibility for reviewing the effectiveness of the Company's risk management arrangements and systems of financial and internal control.

Moreover, the Board considers that for 2020 it had in place adequate systems and controls with regards to the Company's profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, to avoid or minimize loss.

4. RISK STATEMENT

The Company's risk statement, which describes its overall risk profile associated with the business strategy, is provided in ANNEX I.

5. PRINCIPAL RISKS

The principal risks that the Company is exposed to are:

- Credit Risk;
- Operational Risk;
- Market Risk;
- Liquidity Risk;
- Business Risk;
- Reputation Risk; and
- Regulatory Risk.

5.1. Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents and other receivables. Therefore, credit risk can be caused due to the inability of a third party to fulfil its obligations towards the Company.

The monitoring of Credit Risk is considered as a primary importance mechanism for the Company and is being achieved through the following actions:

- Due diligence performed in regard to all third-party service providers;
- The Company deals with reputable parties and diversifies with them;
- All external service providers are bound by comprehensive legal agreements;
- The Company at all times checks its agreements with Legal Advisors and Compliance Staff in order to avoid any future misunderstandings arising from legal documents;
- The Company plans to diversify its exposures to other Countries other than Cyprus and consider engaging with more liquidity providers for diversifying Counterparty risk;
- Most of the Company's own funds are held with reputable European banks (lower default risk) which are subject to regulatory supervision by the central banks in the jurisdictions where they are located; and
- Any own and client funds held with non-investment grade financial institutions have strict limits per institution and per country.

5.2. Operational Risk

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

Due to the major impact that operational risk can impose to the stability of a business, proper risk management is of fundamental importance for a corporation. It shall be noted that especially due to the fact that the Company operates within the financial sector, this risk always exists and therefore the Company needs to ensure that there are procedures in place for its prevention and mitigation.

Operational risk can be broken down into a set of fragmentary risks, the most important of which are set out below, accompanied with a discussion of the main mitigation measures taken by the Company:

- Business Continuity: Major disruption to business, IT or infrastructure problems. To this extent, the Company has in place a Business Continuity Plan.

- Control Failure: The Company is exposed to this risk since there is always a chance that something is not captured by the existing controls or there is a gap in controls, especially considering its size and the number of employees.

- Internal Fraud: Fraudulent activities by customer/third party/Company staff that have not yet been detected. Examples are executing orders whose amounts are above the clients' balance, breaches of policies and procedures by employees who are ready to retire, staff using clients' money for their own trading transactions. As a prevention measure, the Company has established internal policies, binding for all its employees, which form part of the documentation provided to any employee during the training period.

- Legal: Illegal use of internal information by the Company, for own benefit. Legal action as a result of unauthorized disclosure of a customer's details, public liability or violation of laws, regulations, agreements, etc. In light of this, the Company has established internal policies to control the actions of employees and to identify internal deceitful activity. The Company's systems keep track of any action by employee, unauthorized access to the Company's offices is prevented using a proximity tag reader and alarm system, also access to electronic systems can be done only by authorized employees which have their own code. There is a confidentiality policy that bounds each employee as per the employment agreement. The Company tries at all times to ensure compliance with the latest regulatory requirements.

- Third Party Dependency: Failure by third party supplier to deliver business-critical products/ services. The Company does not depend on a single provider/supplier, hence there is a diversification in order to preserve business continuity.

- Security: Unauthorized access to information and systems security malfunction due to passwords compromised/unauthorized programs run on system/external attack by hackers. The Company makes sure that there are access rights that allow or restrict how each employee can use the systems according to his/her position, experience and responsibilities. In addition, the IT department has procedure to minimize the possibility of a system malfunction or compromise of passwords, etc.

- Personnel Issues: Incorrect/untimely transaction capture, execution and settlement. Lack of key staff due to unexpected periods of absence. Over-dependence on key personnel and Management. Inability to recruit or retain staff. There are additional systems in place to monitor and control errors that can arise on the spot and minimize any possibility of risk. There is also a replacement policy in place covering employees in case of absence.

- Systems Failure: The Company is always subject to the risk of a system failure due to viruses, as these cannot always be controlled or prevented, or identified promptly. The Company has sufficient procedures and controls in place in order to prevent such losses from materializing. Reconciliations and sufficient authorizations are also in place in order to protect client assets.

- External Events: Operational failure at suppliers or outsourced operations. Catastrophe of building plants due to fire or other natural disasters, vandalism/theft-robbery. The Company tries to control its outsourced operations and providers continuously, though most of the services are provided internally. There is a Disaster Recovery Plan to ensure that the Company's operations will resume immediately in case of a catastrophic event.

5.3. Market Risk

A great part of the financial services business is subject to market risk, defined as the potential for change in the market value of the trading and invested positions. The Company is not exposed to such risk due to its business model - straight through processing of clients' orders to its execution venue, acting as an agent in terms of any trading related risk.

Foreign Exchange Risk

Foreign Exchange Risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign Exchange Risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Great Britain Pound. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Interest Rate Risk

Maxiflex Ltd is not subject to Interest Rate Risk since it acts as an intermediary when receiving and transmitting its clients' orders and does not take on any own positions.

Market Risk Analysis

The Company operates a Straight Through Processing (STP) model, eliminating possible delays and the human intervention since any data is transferred automatically from one party to the other in the settlement process. Such models are considered cost-effective.

For the assessment of Market Risk, the Company considers the ability of the Risk Management Department to identify, measure, monitor and control the exposure to market risk given the Company's size, complexity and risk profile.

During 2020, the Company was exposed to foreign exchange risk, which was effectively monitored through the various control mechanisms, for instance the Company has set maximum values and limits of exposures to a particular currency. In order to maintain the required risk management approach, the Company takes into account the nature, scale and complexity of its activities.

The Company shall continuously apply and enforce the internal control procedures and risk management framework in relation to market risk, ensuring that any procedure corresponds to the Company's risk appetite and is reviewed on a regular basis. In addition, monitoring of foreign exchange risk and movements in market prices shall be performed on a constant basis and the Company shall act accordingly if the exposure is significantly higher than the acceptable limits. Moreover, the Company needs to ensure sufficient capital allocation against the risks relating to its activities. There will always be a considerable exposure to market risk due to changes in market prices, volatility, liquidity and rapidly increasing complexity of products. Consequently, it is suggested to continue enforcing measures for market risk management and control in order to preserve compliance with the applicable regulatory provisions.

5.4. Liquidity Risk

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

For the Company it is important to implement a necessary prevention mechanism. Thus, the Company has 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 addition, the Company’s approach to managing Liquidity risk is to ensure that:

- Sufficient cash deposits and highly liquid assets are maintained;
- Regular reconciliations of clients' funds are carried out;
- Clients' funds are segregated from the Company's own funds;
- Regular reconciliations of cash balances and payments are performed;
- Budget control and financial planning ensuring the Company's ability to stay financially independent and profitable;
- Adequate amount of committed credit facilities are maintained and monitored on a continuous basis;
- Company's own funds remain at all times above the Minimum Regulatory Requirement of €125.000; and
- Monitoring of the cash flows, as well as the matching of inflow/outflow of cash.

5.5. Business Risk

Business risk can be defined as the risk that the Company might have lower than expected profit or might be operating at a loss instead of generating profit. The most commonly occurred factors influencing business risk are sales volume, input costs, per-unit price, competition, governmental regulations and overall economic climate.

Business risk can have a direct impact on the Company's ability to generate future profits causing a downgrade on its operation and existence, consequently it is important to apply the necessary mechanisms for the timely identification and assessment of such risk which can appear in different occasions depending on the Company's nature and size.

The Risk Management Department aims to identify and detect business risks and to take measures for improvement. In addition, there was a correspondence with the Accounting Function in an effort to ensure the Company's ability to meet its financial obligations by having the necessary funds and assets in order to continue in business, therefore regular reconciliations were conducted.

5.6. Reputation Risk

This is the risk that the Company will incur losses due to depreciation of intangible assets or goodwill, decrease in the number of clients or/and counterparties, and other unfavorable circumstances which may arise due to the establishment of a negative image in society about the Company’s type of activity, its Shareholders (owners), Management or personnel, financial standing, quality of services provided, etc.

The Company controls all marketing communication that goes out to the public and stays up to date with new regulatory requirements and obligations in an effort to maintain a strong reputation. In addition, it obtains legal opinions on new jurisdictions in which it wants to operate to ensure that it does not violate any laws. According to each country's requirements, it adjusts its marketing material accordingly. Also, the Company has Clients Complaints Handling procedures in order to minimize the possibility of client dissatisfaction. It also performs monitoring programs for the employees' communication with clients via phone, emails, and live chats.

5.7. Regulatory Risk

This is the risk that the Company fails to meet its responsibilities to report certain information/reports to any local or regulatory body or other parties, including but not limited to the CySEC. The Company in mitigating this risk ensures that relevant persons (i.e. Compliance Officer, Risk Manager, Internal Auditor, etc.) send proper information and/or reports to CySEC or any other local authority in a timely manner.

In addition, the Compliance risk (which is included in the regulatory risk and is considered to be high) is monitored by the Compliance Officer and the Board on a continuous basis.

Furthermore, the Company’s Compliance Officer has already initiated a program to supervise and examine in detail the level of compliance of certain areas of the Company with the relevant legislation, propose remedy measures/actions, and provide the relevant training to the Company’s personnel, as and when required.

6. CAPITAL MANAGEMENT

The Company manages its capital requirements to ensure that it will be able to continue as a going concern while increasing the return to shareholders. The adequacy of the Company's capital is monitored by reference to the provisions of the Regulation and the Directives, which reflect the regulatory provisions of Basel III.

The Company adopted the Standardized approach for Credit and Market risk and the Fixed Overhead approach for Operational risk.

According to the Standardized approach for Credit risk, in calculating the Minimum Capital Requirement, risk weights are assigned to exposures, according to their characteristics and the exposure class to which they belong.

The Standardized approach used for calculating the Minimum Capital Requirement for Market risk nets the long and short market risk positions in each instrument (currency) according to predefined models to determine the capital requirement.

For Operational risk, the Company is subject to a Minimum Capital Requirement of at least one-quarter of its fixed overheads of the preceding financial year based on the most recent audited annual financial statements.

7. OWN FUNDS

The Own Funds of the Company as at 31 December 2020 consisted entirely of Common Equity Tier 1 ("CET1") Capital, as presented in the following table:

Own Funds composition 31 December 2020	Amount (€'000)
CET1 capital	
Share capital	204,5
Share premium	890,5
Retained earnings	2.739
Audited profits for the period	72
Total CET1 capital before deductions	**3.906**
Deductions from CET1	
Intangible assets	-
Additional deductions of CET1 Capital due to Article 3 CRR	(63)
Additional Cash Buffer	(23)
Total Deductions from CET1	**(86)**
Total CET1 capital after deductions	**3.820**
Additional Tier 1 ("AT1") capital	**-**
Tier 2 capital	**-**
Total Own Funds	**3.820**

Share Capital

The Company's authorized capital as at the 31st of December 2020 amounted to €204.500 and consisted of 204.500 ordinary shares of €1 each, while the issued and fully paid share capital amounted to €204.500 divided into 204.500 ordinary shares of €1 each. The Company's share premium as at the 31st of December 2020 amounted to €890.500.

Deductions from CET1 capital

As at 31 December 2020 the Company deducted from its CET1 capital:

- Its contribution to the Investors Compensation Fund ("ICF") in accordance with the requirements of the CySEC circular C162.

Capital Adequacy Ratio

As at 31 December 2020 the Capital Adequacy Ratio of the Company stood at 12,74% (versus the minimum requirement of 8% set by CySEC for Pillar I purposes). Further to this, CySEC may decide to impose additional minimum requirements for Pillar II purposes.

A reconciliation between total equity as per the Company's audited financial statements, and total Own Funds as calculated for regulatory reporting purposes, is presented in the table below:

Balance Sheet Description as per audited financial statements 31 December 2020	Amount (€'000)
Share Capital	204,5
Share Premium	890,5
Retained Earnings	2.739
Profit & Loss for year 2020	72
Total Equity as per audited financial statements	**3.906**
(Less: Intangible Assets)	-
(Less: Additional deductions of CET1 Capital due to Article 3 CRR)	(63)
(Less: Additional Cash Buffer)	(23)
Total deductions	**(86)**
Total Own Funds	**3.820**

Furthermore, the following table presents the differences between the transitional and fully phased in definition of Own Funds, and the respective impact on the Company's capital ratios:

Own Funds and Capital Ratios 31 December 2020	Transitional Definition (€'000)	Fully - phased in Definition (€'000)
Common Equity Tier 1 capital: instruments and reserves		
Capital instruments and the related share premium accounts	1.095	1.095
Retained earnings	2.739	2.739
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	72	72
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**3.906**	**3.906**
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Intangible assets (net of related tax liability)	-	-
Additional deductions of CET1 Capital due to Article 3 CRR	(63)	(63)
Additional Cash Buffer	(23)	(23)
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**(86)**	**(86)**
Common Equity Tier 1 (CET1) capital	**3.820**	**3.820**
Additional Tier 1 (AT1) capital	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**-**	**-**
Total regulatory adjustments to Tier 2 (T2) capital	**-**	**-**
Tier 2 (T2) capital	**-**	**-**
Total Capital (TC = T1 + T2)	**3.820**	**3.820**
Total Risk Weighted Assets	**29.992**	**29.992**
Capital ratios and buffers		
Common Equity Tier 1	12,74%	12,74%
Tier 1	12,74%	12,74%
Total Capital	**12,74%**	**12,74%**

8. CAPITAL REQUIREMENTS

As at 31 December 2020, the total Risk Weighted Assets ("RWAs") and Minimum Capital Requirements calculated by the Company were as follows:

Risk Type 31 December 2020	Risk Weighted Assets €'000	Pillar I Capital Requirement €'000
Credit Risk	4.198	336
Market Risk	1.114	89
Operational Risk (additional amount due to Fixed Overheads Approach)	24.680	1.974
Total	**29.992**	**2.399**

8.1. Credit Risk

The Company uses the Standardized Approach for calculating its Minimum Capital Requirements for Credit risk. The table below presents the allocation of Credit risk by asset class as at 31 December 2020:

Asset Class 31 December 2020	Risk Weighted Assets €'000	Minimum Capital Requirement €'000
Institutions	1.088	87
Corporates	1.375	110
Other Items	1.735	139
Total	**4.198**	**336**

Past due and impaired assets

Impairment of investments in subsidiaries: The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

Impairment of financial assets: The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the notes of the audited financial statements.

Impairment of non-financial assets: The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

Impairment of intangible assets: Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

Provisions: Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement in virtually certain.

The table below outlines the Company’s year-end and average exposure amount by asset class for 2020, after taking into account any specific provisions allocated to these exposures and before applying any Credit Risk Mitigation (“CRM”) techniques:

Asset Class **31 December 2020**	**Original exposure amount, net of specific provisions** **€'000**	**Average exposure** **€'000**
Institutions	4.779	6.772
Corporates	1.375	3.310
Other Items	1.735	1.361
Total	**7.889**	**11.443**

The table below analyzes the Company's exposures by asset class and country of incorporation of the counterparty, after specific provisions and before CRM techniques:

Asset Class - Original exposure net of specific provisions 31 December 2020	Cyprus €'000	Other €'000	Total €'000
Institutions	3.569	1.210	**4.779**
Corporates	46	1.329	**1.375**
Other Items	1.735	-	**1.735**
Total	**5.350**	**2.539**	**7.889**

The table below presents the Company's exposures by asset class and industry, after specific provisions and before CRM techniques:

Exposures by Asset Class and Industry	Original exposure net of specific provisions		
	Financial	Other	Total
31 December 2020	€'000	€'000	€'000
Institutions	4.254	525	**4.779**
Corporates	1.375	-	**1.375**
Other Items	1.735	-	**1.735**
Total	**7.364**	**525**	**7.889**

The following table breaks down the Company's exposures by asset class and residual maturity, after specific provisions and before CRM techniques:

Exposures by Asset Class and Residual Maturity	Original exposure net of specific provisions		
	< 3 months	≥ 3 months	Total
31 December 2020	€'000	€'000	€'000
Institutions	4.598	181	**4.779**
Corporates	1.330	45	**1.375**
Other Items	725	1.010	**1.735**
Total	**6.653**	**1.236**	**7.889**

Application of External Ratings from Recognized ECAIs

For its exposures to institutions, the Company has used the ratings provided by the External Credit Assessment Institutions ("ECAIs") of Moody's, Fitch and Standard & Poor's to determine the applicable risk weight. Its corporate counterparties were unrated as at 31 December 2020. The Company has used the credit step mapping table below to map the credit assessment to Credit Quality Steps ("CQS"):

Credit Quality Step	Moody's	Fitch	Standard & Poor's
1	Aaa to Aa3	AAA to AA-	AAA to AA-
2	A1 to A3	A+ to A-	A+ to A-
3	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-
4	Ba1 to Ba3	BB+ to BB-	BB+ to BB-
5	B1 to B3	B+ to B-	B+ to B-
6	Caa1 and below	CCC+ and below	CCC+ and below

The ECAIs' ratings are not taken into account where preferential treatments as set out in the CRR apply.

Exposures before and after Credit Risk Mitigation

The table below outlines the Company's exposures before and after CRM by the CQS of the counterparty. As indicated, as at 31 December 2020 the Company did not make use of any CRM techniques.

CQS 31 December 2020	Exposure values before CRM €'000	Exposure values after CRM €'000
CQS 1	1.211	1.211
CQS 3	5.349	5.349
Not Applicable	1.329	1.329
Total	**7.889**	**7.889**

8.2. Market Risk

The Company uses the Standardized Approach for measuring Market Risk. The capital requirements arise from all assets and liabilities that are denominated and funded in currencies other than its reporting currency, the Euro. As at 31 December 2020, the Company's capital requirements for Market Risk amounted to €89 thousand. The non-reporting currencies to which the Company was exposed in order of priority were the Great Britain Pound Sterling (GBP) and US Dollar (USD).

8.3. Operational Risk

Based on the investment and ancillary services it is authorized to provide, the Company falls under Article 95(1) of the CRR and is therefore required to calculate the Minimum Capital Requirements for Operational Risk based on the amount of its Fixed Overheads for the preceding financial year as per the most recent audited annual financial statements. Under this method, the Company calculates its total RWAs as the higher of the following:

- Sum of RWAs for Credit and Market Risk; and
- RWAs for Operational Risk based on 25% of the fixed overheads of the preceding year as per the most recent audited annual financial statements.

The following table shows the calculation of the capital requirements for Operational Risk as at 31 December 2020:

Operational Risk (Fixed Overheads Approach) 31 December 2020	RWAs €'000	Minimum Capital Requirement €'000
25% of the fixed overheads of the preceding year	29.992	2.399

9. REMUNERATION POLICY

The Company's remuneration system is concerned with practices of the Company for those categories of staff whose professional activities have a material impact on its risk profile. These include the members of the Board of Directors, Senior Management, Heads of certain departments and the outsourced activities of the Company.

The Company has established a Remuneration Committee. The Board shall determine the Company's remuneration policy and practices (after being advised by the Remuneration Committee), periodically (at least annually) review them, and be responsible for its implementation. Decisions with regards to remuneration levels and salary increases of employees are taken by the Board of Directors and where applicable, by an Independent Remuneration Committee. In examining these factors, the Remuneration Committee takes into account the employee's performance during the preceding year, any variable component of the employee's remuneration, while it also considers the recommendations received by the Heads of Departments and the General Manager. As of 31st December 2020 the members of the Remuneration Committee were the two Non-Executive members of the Board of Directors of the Company.

The Company also takes into account the conduct of business and conflicts of interest risks that may arise, and makes sure that it has in place effective arrangements for proper business conduct and management of such conflicts so that clients' interests are not impaired by the policy or by its practices in the short, medium and long term.

When assessing performance for the purposes of determining the variable remuneration of employees, the Company takes into account the following factors:

- Clients' Support Quality;
- Performance of employees based on qualitative criteria, e.g. compliance with regulatory (especially conduct of business rules and, in particular, the review of the suitability of client support provided by employees to clients) and internal procedures (i.e. the fair treatment of clients and client satisfaction); and
- The outcome of their activities in terms of compliance with the conduct of business rules and, in general, with the duty to care about the best interests of clients.

The variable remuneration of the employees is therefore based on the annual appraisals performed by the General Manager and/or Board of Directors, and drawing on the outcome of such appraisals, the amount of variable remuneration per employee is finally determined at the discretion of the General Manager and Board of Directors. During 2020, the variable component did not exceed 100% of the fixed component of the total remuneration of any employee. Notwithstanding of the above, the Company may allow it's tied agents which are located outside of Cyprus to apply a higher ratio between the variable component and which may exceed 100%, however such amendment in the ratio shall be subjected to the applicable legislation and regulation of the relevant tied agent.

The table below provides a breakdown of the aggregate remuneration for 2020 by Senior Management (including Executive & Non-Executive Directors) and members of other staff whose actions have a material impact on the risk profile of the Company:

31 December 2020				
Position/Role	**No. of Beneficiaries**	**Fixed Remuneration €'000**	**Variable Remuneration €'000**	**Aggregate Remuneration €'000**
Senior Management (incl. Executive & Non-Executive Directors)	23	1.185	222	1.407
Other Staff	-	-	-	-
Total	**23**	**1.185**	**222**	**1.407**

Also, the following table provides a breakdown of the aggregate remuneration for 2020 by Business Line. Control functions include persons employed in the Risk Management, Compliance and AML Departments.

31 December 2020	
Business Line	**Aggregate Remuneration €'000**
Executive & Non-Executive Directors	213
Control Functions	58
Quality Control & Accounting & Back office and Support Departments	1.036
Reception & Transmission, Portfolio Management and Investment Advice Departments	100
Total	**1.407**

For the year ending 31 December 2020, the Company did not pay or awarded any deferred remuneration or severance payments. In addition, all the variable remuneration paid within 2020 was in the form of cash.

ANNEX I - RISK STATEMENT

The Management and the Board of Directors of the Company recognize that risk is embedded in all of the Company's activities and consider the development of a robust risk management framework as a matter of particularly high importance.

The Company is exposed to market risk, business risk, political risk, credit risk, operational risk, liquidity risk, counterparty risk, money laundering and terrorist financing risk, compliance risk, regulatory risk, reputation risk and information and technology risk.

To this effect, the Company has performed a risk identification and assessment exercise with the use of a Risk Register, which reflected all the risks inherent in its activities and operations.

The following table presents the profile of the risks faced by the Company, after considering the application of the mitigating controls that are already in place.

	Risk Type	Risk Profile
RISK	**Credit Risk**	Medium
	Market Risk	Low
	Operational Risk	High
	Regulatory Risk	High
	Business Risk	High
	Liquidity Risk	Low
	Reputation Risk	High
	Political Risk	Low

The Company has applied adequate mechanisms and systems to detect the risks faced during its operation. The table below illustrates the analysis of the material risks identified and the controls that the Company already has in place to manage and mitigate them.

Material Risks			
Risk Type	**General Risk**	**Specific Risk to the Company**	**Mitigating Controls already in place**
Credit risk	**Concentration Risk**	The Company acknowledges its exposure to concentration risk due to concentration of its clientele primarily to Cyprus, from which its majority of trading volume stems. In addition, the Company is also exposed to Counterparty Risk with regards to adoption of	The Company makes every effort to avoid the high concentration of its clientele to certain countries and therefore diversify its revenue generation to different countries. It has also established the necessary procedures in order to be able to switch liquidity providers easily and instantly. Also, it regularly assesses its counterparties to ensure that both the Company's and the clients' funds are held with high credit quality financial institutions with strong performance

		untested trading techniques in new or innovative areas of the market, especially techniques that dispense with sound principles of due diligence or traditional benchmarks for leverage.	
	Counterparty Risk	Maxiflex is exposed to counterparty risk with regards to adoption of untested trading techniques in new or innovative areas of the market, especially techniques that dispense with sound principles of due diligence or traditional benchmarks for leverage.	The Company constantly monitors the significant exposures towards specific counterparties to ensure that it remains within the applicable large exposure limits. In addition, the Company seeks to diversify its exposures to several counterparties and countries and prefers to work with global organizations which are not considerably exposed to a single country's economy. In this way, it believes that it controls and reduces this risk significantly.
Market Risk	**Foreign Exchange Risk**	Adverse exchange rate movements in main currencies used by the Company causing decrease in profitability due to FX positions.	The Company acts as an agent in regard to the execution of the clients' orders. Therefore, it is considered that it has limited/ no exposure to foreign exchange risk other than the exposure to FX risk due to funds kept in other currency than the reporting one.
	Interest Rate Risk	Change in interest rates, both in local and foreign currency, causing losses from this adverse interest rate movement.	The Company's exposure to this risk is very small. The Company's exposure to equities is immaterial.
Business Risk	**Competitive Risk**	Competitive threats resulting in loss of business due to competition from other IFs and inability to anticipate change in external environment.	The Company follows closely FX market trends and developments and performs competitor analyses in an effort to stay informed and ahead of competition.
	Execution Model	The risk that the Company, when/if entered to principal	The Company has procedures, policies and monitoring in place to facilitate Best Execution.

		model of execution, faces losses from failure to execute.	
	Capital	Inability in raising capital when unexpectedly required, during microeconomic depression, sudden withdrawal of deposits, etc.	The company capital has been increased well above the minimum regulatory requirement. The Company own funds is considered very high
	Strategic	The Firm is subject to this risk, however, based on its experience and historical analysis, there has been no case of underperformance so far with respect to strategic goals. The Firm has been steadily growing over the past few years. Nevertheless, considering this risk without any controls in place, the exposure is at least medium.	The Firm's Management actively uses market analysis tools and financial projections to make sure that it sets realistic goals and is in a position to continue to expand in new markets. In this way, strategic risk is reduced. Based on the Company's internal risk assessment falling within the scope of ICAAP, Business/Strategic Risk is rated as a high risk.
Political Risk	**Local Political Risk**	Unfavorable political conditions - new legislation/taxation, terrorism, political problem.	Although there is political instability due to the recent financial events, this has not and probably will not affect the Company's position as its clients are originated from EU jurisdictions and other third countries
Reputation Risk	**Fraud Risk**	The Firm's exposure to reputational risk due to internal or external fraud is assessed as medium, before considering the controls in place, and taking into consideration that, based on experience and historic analysis.	The Company is aware that, operating in a competitive industry, with ruthless competitors, who may also act in unethical ways, could introduce risks of reputational nature. The possibility of having to deal with serious incidents will be limited as the Company exerts its best efforts in providing high quality services to its Clients. In addition, the Company's Board members and Senior Management comprise of experienced professionals who are recognized in the industry for their integrity and ethos, and, as such, add value to the Company. According to the third

			country's requirements, it adjusts its marketing material accordingly.
	Trust Risk	Considering the Company's size and scope of operations the Company is always exposed to this risk. There is a possibility that client would spread his/her dissatisfaction in public forums, etc. Additionally, due to recent enhanced intensity of the regulatory actions there is higher possibility for imposition of fines.	The Company has Clients Complaints Handling procedures in order to minimize the possibility of client dissatisfaction. The Company also performs monitoring programs for the employees' communication with clients via phone, emails, and live chats. Additionally, it processes the ongoing monitoring of clients' feedback in relation to services provided. The Company's risk exposure has been minimized due to the establishment of sufficient policies and procedures for on boarding/monitoring clients and affiliates.
	Confidence Risk	Risk of fraud performed by subsidiary/associate companies leading to decrease in consumer confidence. Also, disclosure by employee of customer or other commercially sensitive information.	The Company's employees are bound by confidentiality policies and there are several controls to minimize the risk of internal fraudulent activity not being spotted/prevented. Moreover, the relevant sales and support monitoring procedures are in place.
Liquidity Risk	**Urgent Liabilities Risk**	Inability to meet obligations when they fall due, difficulty in obtaining funds to meet urgent commitments. This could arise due to lack of liquid assets (e.g. cash deposits, bonds, etc.)	With respect to client funds, the Company takes actions to keep liquidity risk to a minimum. This is achieved through regular client money reconciliations, keeping client money in segregated client accounts and never mixing it with own funds. In terms of own funds and obligations towards other parties, the Firm prepares budgets to ensure that it remains profitable without making any loans. Moreover, the company share capital has been increased well above the minimum regulatory requirement.
	Assets Liquidation Risk	Changes in market conditions and inability to address them resulting to inability on behalf of the Company to liquid assets and at a minimal loss in value.	
Regulatory Risk	**Tax Risk**	Critical recommendations, sanctions, penalties imposed by the tax	The Company’s tax advisors keep it informed of the latest changes in tax legislation in an effort to be proactive when it comes to important tax changes.

		authorities to the Company due to non-compliance with tax requirements.	
	Compliance	There is always a risk of failing to comply with the regulatory requirements, either due to not being aware of some provisions, or from a lack of understanding the regulator's expectations, or from a misinterpretation of legislation, or due to delay to implement enforced provisions.	The Company's Compliance Department makes every effort to stay up to date with regulatory requirements, and at the same time the Firm seeks the expert advice of its external consultants when required. In addition, several procedures and policies are in place to control and minimize this risk. The Company's risk exposure has been minimized through the corrective actions taken after the imposed fine, such as establishment of sufficient policies and procedures for onboarding/monitoring and handling clients complains. Based on the Company's internal risk assessment falling within the scope of ICAAP, Business/Strategic Risk is rated as a medium risk.
	Corporate Governance	Failure to meet regulatory expectations regarding internal governance.	The Internal Auditors and Compliance Officer make sure that the Company complies with all regulations regarding corporate governance.
	Fair Treating Customers	Inability/inconsistency in providing sufficient information about terms and conditions, in advice provision, inadequate tracking of complaints, etc.	The Company makes every effort to accommodate its clients. In addition, terms and conditions of contracts are reviewed by lawyers before being finalized. Terms of business are always available to the Company's website in order to be easily accessible by the clients.
	Money Laundering	There is always a risk of failing to pick-up on money laundering activity.	The Company has KYC procedures in place and always performs several checks on deposits and withdrawals of funds by clients.
Operational Risk	**Business Continuity**	Major disruption to business, IT or infrastructure problems.	The Company has in place a business continuity plan, performs gap analysis and keeps its servers in various locations
	Control Failure	The Company is exposed to this risk since there is always a chance that something is not captured by the	The Firm has in place controls by which it checks whether procedures are being implemented properly and controls are being applied as they should, thus

		existing controls or there is a gap in controls, especially considering its size and the number of employees.	minimizing the possibility of this risk materializing.
	Internal Fraud	Fraudulent activities by customer, third party, or Company staff that have not yet been detected (includes internal fraud). Examples are executing orders whose amounts are above the clients' balance, breaches of policies and procedures by employees who are ready to retire, staff using clients' money for their own trading transactions.	The Company has established internal policies which are binding for all its employees (Management and staff), and which all should be aware of. In addition, dealers are obliged to abide by its best execution policies, and procedures exist to check that these are being applied properly.
	Legal	Compensation, benefit, termination issues and discrimination claims.	The Company has proper policies in place to eliminate the unfavorable treatment of clients, by monitoring its electronic trading system and ensuring that its clients are treated fairly and receive the best possible result as per the legislative requirements.
	Security	Unauthorized access to information and systems security malfunction due to passwords compromised/unauthorized programs run on system/external attack by hackers.	The Company makes sure that there are access rights that allow or restrict how each employee can use the systems according to his/her position, experience and responsibilities. In addition, the IT department has procedure to minimize the possibility of a system malfunction or compromise of passwords, etc.
	External Events	Catastrophe of building plants due to fire or other natural disasters, vandalism/theft-robbery.	There is an alternative location to which the workstations can be transferred so that the main functions can continue operating, sales personnel are working from cell phones, there are back up procedures in place and servers are kept in various locations. The Firm has security officers in its buildings and also uses cameras, which

			minimize the possibility of break-ins and violations.
	Availability of Data	The Company is highly dependent on IT systems to operate properly and execute transactions fast, hence it is exposed to this risk.	The Company has in place a business continuity plan, performs gap analysis and keeps its servers in various locations. It also performs regular backups.
	Systems Failure	The Company is always subject to the risk of a system failure due to viruses, as these cannot always be controlled or prevented, or identified promptly	The Company has sufficient procedures and controls in place in order to prevent such losses from materializing. Reconciliations and sufficient authorizations are also in place in order to protect client assets
	Strategic Risk	The Company is subject to this risk, however, based on its experience and historical analysis, there has been no case of underperformance so far with respect to strategic goals. The Firm has been steadily growing over the past few years. Nevertheless, considering this risk without any controls in place, the exposure is at least medium.	The Firm's Management actively uses market analysis tools and financial projections to make sure that it sets realistic goals and is in a position to continue to expand in new markets. In this way, strategic risk is reduced. Based on the Company's internal risk assessment falling within the scope of ICAAP, Business/Strategic Risk is rated as a high risk.