RYNAT TRADING LIMITED

MARKET DISCIPLINE & DISCLOSURES REPORT
(PILLAR III)

According to Directives DI144-2014-14 and DI144-2014-15 of the Cyprus Securities & Exchange Commission for the prudential supervision of investment firms and Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms

YEAR ENDED 31 DECEMBER 2019

July 2020

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1. Introduction

Rynat Trading Ltd (the "Company"), being regulated by the Cyprus Securities and Exchange Commission (CySEC), under License No 303/16, which permits the Company to provide investment and ancillary services in relation of financial instruments and in order to enhance market discipline, hereby discloses information relating to its internal capital adequacy assessment and to mitigation of various types of risks that it faces. According to the requirements stated in paragraph 1 of Article 431 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 (collectively the "Regulation" or "CRR"), Rynat Trading Ltd (the 'Company') has an obligation to publicly disclose information relating to its risk management objectives and policies, as well as information regarding its capital adequacy requirements. The information will be published on an annual basis at a minimum, and at the latest within five months from the end of each financial year. The disclosures are based on the financial statements of the Company for the year ended 31 December 2019. The Regulation provides that the Company may omit one or more of the disclosures if it believes that the information is immaterial. Materiality is based on the criterion that the omission or misstatement of information would be likely to change or influence the decision of a reader relying on that information for making economic decisions.

Where the Company has considered a disclosure to be immaterial, this was not included in the document.

The Regulation also permits the Company to omit one or more of the required disclosures if it believes that the information is regarded as confidential or proprietary. The Directive defines proprietary as if sharing that information with the public would undermine its competitive position. It may include information on products or systems which, if shared with competitors, would render an investment firm's investments therein less valuable.

Information is regarded as confidential if there are obligations to customers or other counterparty relationships binding an investment firm to confidentiality. Under the light of the above, the Company avoided to disclose such confidential information in this report.

2. Scope of Report

This Report has been prepared in accordance with the requirements of Directives DI144-2007-05 of 2012 and DI144-2014-14. This Report contains information in relation to the risks the Company faces and the strategies it has in place to manage and mitigate those risks, its own funds and its capital adequacy. The Company is making the disclosures on an individual (solo) basis.

This Report together with our External Auditor's verification is submitted to CySEC. The Report is prepared annually and is available on our website http://www.rynattrading.com http://www.thextrend.com

Directive DI144-2007-05 is based on the "Three-Pillar concept" as follows:

- **<u>Pillar 1 - Minimum Capital Requirements:</u>** the calculation of the total minimum capital requirements for credit, market and operational risk is presented, in addition to the calculation of the minimum ratio of capital to risk weighted-assets which is set to 8%.

PILLAR I – MINIMUM CAPITAL REQUIREMENTS

The Company adopted the Standardized approach for Credit and Market risks and the Basic Indicator approach for Operational risk. According to the Standardized 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 to institutions, the risk weight also depends on the term of the exposure (more favorable risk weights apply where the exposure is under three months). The categories of exposures the Company is exposed to with regards to Credit risk are mainly deposits with banks, liquidity providers and payment system providers, fixed assets, and trade and other receivables. The Standardized measurement method for the capital requirement for Foreign Exchange risk considers the long and short positions in assets and liabilities denominated in foreign currencies in order to determine the capital requirement. The main sources of Foreign Exchange risk for the Company are bank balances and equity balances in currencies other than Euro.

- **Pillar 2 - Supervisory Review Process:** the key principles of supervisory review, transparency and risk management are discussed, with emphasis to be given to the developmentofaninternalcapital adequacyassessmentprocessforensuringcompliance with regulatory requirements regarding capital adequacy.

PILLAR II – INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS

The Supervisory Review Process provides rules to ensure that adequate capital is in place to support any risk exposures the Company may have, 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. Under Basel II, ICAAP is a requirement for the Company to establish and report to the regulator (on request) the process of Internal Capital Adequacy Assessment.

COMPANY'S ICAAP APPROACH

Our approach for meeting the Pillar II requirements, are based on the Pillar I Minimum Capital Requirement Plus Approach, as it takes the Pillar I capital requirements calculation as a starting point and then considers further risks identified under the ICAAP Report to ascertain whether this results in an adequate amount of capital to cover the Company's actual risk profile.

The Company chooses to apply this method and uses, as a starting point, the minimum capital calculated according to the provisions of the Regulation, under Pillar I for credit risk, operational risk and market risk.

The capital calculated as a minimum requirement, under Pillar I, is then assessed internally as to its adequacy vis-à-vis the following:

- Risks covered in Pillar I (additional counterparty credit risk);
- Risks not fully covered in Pillar I (additional concentration and market risks);
- Pillar II risks (reputational, political and client concentration risks).

The Company assesses the above elements of the overall risk, following the chosen approach, and uses the stress scenarios approved at the strategic management levels, mainly for external factors, to ensure that the Company's plans and current level of the capital are sufficient to:

- meet the Company's liabilities as they fall due;
- survive a recession and meet the Pillar I capital requirement through a severe recession.

The Company aims to operate at all times over and above the required statutory capital and currently maintains a prudent level of capital for both short and long-term requirements.

- **Pillar 3 - Market Discipline:** the introduction of disclosure requirements and recommendations enhances comparability through the dissemination of information to the market that enables better assessment of the financial strength of investment firms.

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 with respect to the composition of own funds.
The regulatory capital base of the Company consists of original own funds (Common Equity Tier 1 capital), which include share capital.

The primary objective of the Company's capital supervision is to ensure its compliance with externally (regulatory) imposed capital requirements and the maintenance of healthy capital ratios, to support its business and maximize shareholders' value.

The Company manages its capital structure and allocations and adjusts it in light of changes in economic conditions and the risk characteristics of its activities on an ongoing basis. The monitoring of capital level is a simultaneous, continuous task.

The current legal and regulatory framework under which the Company operates stipulates that the Company must maintain a minimum capital adequacy ratio of 8%. The method of calculation is set up by the Regulation.

The Company aims to always maintain a high capital adequacy ratio that is well above the required minimum. The capital adequacy ratio is reported to the Company's regulating authority since September 2016 on a quarterly basis.

The Company's regulatory capital can be analyzed as follows:
All the elements on the Company's CET1 capital satisfy the requirement laid down in the Chapter One Part Two of CRR to be qualified as CET1 elements, in particular:

- The capital instruments were issued directly by the Company;
- The capital instruments were paid up;
- The capital instruments are classified as equity within the meaning of the IFRS;
- The capital instruments are clearly and separately disclosed in the Company's statement of financial position;
- The capital instruments are of perpetual nature;
- The capital instruments rank below all other claims in the event of insolvency or liquidation of the Company;
- Entitle their owners to a claim on the residual assets of the institution;
- Retained earnings and other reserves are available for unrestricted and immediate use to cover risks or losses as soon as these occur and verified by the persons independent of the Company that are responsible for the auditing of the accounts of the Company

Under Pillar 3, the Company is required to publicly disclose information about the capital it holds and each material category of risk it faces, including the strategies and processes it has in place in order to manage and monitor these risks. Disclosures are made regarding the risks referred to under points 1 to 14 of Part 2 of Annex XII, Part C of the Directive and in case that these are not applicable, no reference is made. The aforesaid disclosures aim to strengthen market discipline and encourage transparency.

3. Approach to Risk management

To ensure effective risk management, the Company has adopted the Three Lines of Defense model, with clearly defined roles and responsibilities.

First Line of Defense: Managers are responsible for establishing an effective control framework within their area of operation and identifying and controlling all risks so that they are operating within the organizational risk appetite and are fully compliant with Company's policies and where appropriate defined thresholds. First Line of Defense acts as an early warning mechanism for identifying (or remedying) risks or failures.

Second Line of Defense: – The Risk Management Function is responsible for proposing to the Board appropriate objectives and measures to define the Company's risk appetite and for devising the suite of policies necessary to control the business including the overarching framework and for independently monitoring the risk profile, providing additional assurance where required. The Risk Management Function will leverage their expertise by providing frameworks, tools and techniques to assist management in meeting their responsibilities, as well as acting as a central coordinator to identify enterprise wide risks and make recommendations to address them. Integral to the mission of Second Line of Defense is identifying risk areas, detecting situations/activities, in need of monitoring and developing policies to formalize risk assessment, mitigation and monitoring.

Third Line of Defense - Comprises by the Internal Audit Function which is responsible for providing assurance to the Board on the adequacy of design and operational effectiveness of the systems of internal controls. Internal Audit undertakes on-site inspections/visits to ensure that the responsibilities of each Function are discharged properly (i.e. soundly, honestly and professionally) as well as reviews the Company's relevant policies and procedures. Internal Audit works closely with both the First and Second Lines of Defense to ensure that its findings and recommendations are taken into consideration and followed, as applicable.

Each of these three "lines" plays a distinct role within the organization's wider governance framework. Although neither the Board of Directors, nor the senior management are considered to be among the three "lines" in this model, no discussion of risk management systems, including compliance risks, could be complete without first considering the essential roles of both governing bodies (i.e., the Board of directors and senior management (4 eyes team)). The Board of Directors, and senior management are the primary stakeholders served by the "lines," and they are the parties best positioned to help ensure that the Three Lines of Defense model is reflected in the organization's risk management and control processes. The Three Lines of Defense model distinguishes among three groups (or lines) involved in effective risk management:

I. Functions that own and manage risks.
II. Functions that oversee risks, which includes the Compliance function
III. Functions that provide independent assurance, Internal Audit

4. Risk Appetite

Risk Appetite is set by the Board of Directors as the level of risks which the Company can accept while achieving its business objectives.

Risk Appetite is formally reviewed annually and is monitored on an ongoing basis for adherence. The Company's strategy, business plan and capital and liquidity plans are set with reference to Risk Appetite. The Board approves the Risk Appetite, which defines the level of risk that the Company is prepared to accept to achieve its strategic objectives and is translated into specific risk measures that are tracked, monitored and reported to the Board.

The Company's Risk Appetite statement covers three main primary areas: credit risk, reputational risk and operational risk. The Board approves the Company's business plans, budget, Internal Capital Adequacy Assessment Process (ICAAP), and any new product and services. The Board also monitors the Company's risk profile and capital adequacy position.

5. Board Risk Management Declaration

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

These are designed to manage rather than eliminate the risks of not achieving business objectives, and – as such- offer reasonable but not absolute assurance against fraud, material misstatement and loss.

The Board considers that it has in place adequate systems and controls regarding the Company's profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, to avoid or minimize loss.

6. Role of the Board of Directors

The Board comprises of 5 directors, 2 independent non-executive directors and 3 executive directors.

The Board of Directors, being responsible for monitoring risk management – undertakes the following roles:

- approves and periodically reviews risk strategy and policies;
- approves the risk appetite annually and monitors the Company's risk profile against this appetite;
- ensures that management takes steps necessary to monitor and control risks;
- ensures that management maintains an appropriate system of internal control and reviews its effectiveness;
- ensures that the Company's overall credit risk exposure is maintained at prudent levels and is consistent with the available capital;
- reviews and approves changes/amendments to the risk management framework;
- reviews and approves risk management procedures and controls for new products and activities;
- periodically receives risk reports from the management highlighting key risk areas, controls, failures and remedial action steps taken by the Management (this is to be done at least once every quarter)
- ensures that the Management as well as individuals responsible for credit risk management possess the requisite expertise and knowledge to accomplish the risk management function;
- ensures that the Company implements a sound methodology that facilitates the identification, measurement, monitoring and control of risk;
- ensures that detailed policies and procedures for risk exposure creation, management and recovery are in place.

The Company is monitoring its risk exposure on a continuous basis.

7. Risk Management Objectives and Policies

The Company will seek as far as possible to manage all of the risks that arise from its operations. The Company's risk management framework is commensurate with the size and scope of the Company and its operations. It identifies the key risks faced and reports them to the Board of Directors, which then determines the firms' risk appetite and ensures that an appropriate amount of capital is maintained. The Company's Senior Management and Members of the Board will receive at least annually information relating to risks and risk management for assessment and acting appropriately to address anydeficiencies.

The Company identifies the risks relating to its activities, processes and systems as follows:

Table 1 – Risks

Risk Area	Risks Captured	Risks Not Fully Covered
Pillar 1	Credit Risk Market Risk Operational Risk	Residual Risks Securitization Risks Model Risk Price Risk
Pillar 2	Concentration Risk (Country) Concentration Risk (Industry) Concentration Risk (Large Exposure) Country Risk Interest Rate Risk Liquidity Risk Settlement Risks	Conduct Risk Customer Risk Regulatory Risk Reputation Risk
Other Material Risks	Fraud Risk Conflicts of Interest Risk	

7.1 Credit Risk

Credit risk is the risk of loss that the Company would incur if any counterparty to the Company fails to perform its contractual credit obligations.

Credit risk analysis is shown on the table below:

	Risk Weighted Assets	Capital Requirements
	€ 0	**€ 0**
Exposure class		
Institutions	212	17
Corporates	85	7
Retail	108	9
Other Items	213	17
Total	**618**	**49**

7.2 Market Risk
Market Risk is the risk of adverse movements in the level of interest rates, in the rate of exchange between currencies and the current prices of securities, commodities and other financial instruments.

7.3 Operational Risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, employees and systems or from external events.

7.4 Residual Risk
Residual risk is the risk of the large-scale devaluation or limited enforceability of collaterals behind credit exposures. In other words, residual risk is the risk that recognized credit risk mitigation techniques used by the credit institution prove less effective.

7.5 Concentration Risk
The concentration risk arising from exposures to each counterparty, including central counterparties, groups of connected counterparties, and counterparties in the same economic sector, geographic region or from the same activity or commodity, the application of credit risk mitigation techniques, and including in particular risks associated with large indirect credit exposures such as a single collateral issuer, must be addressed and controlled including by means of written policies and procedures.

7.6 Country Risk
Country risk refers to potential losses that may be generated by an (economic, political, etc.) event that occurs in a specific country, where the event can be controlled by that country (government) but not by the credit grantor/investor. It also comprises of **Regulatory Risk** upon the domestic implementation of the CRD, the Ministry of Finance's regulation on the capital requirement for country risks ceases to be in effect.

7.7 Interest Risk arising from non-trading book activities
CIFs must implement systems to identify, evaluate and manage the risk arising from potential changes in interest rates that affect a CIF's non-trading activities.

7.8 Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. In periods of up normal fluctuations in market conditions or financial crisis, liquidity risk can expose the Company to shortfall of access to the capital markets resulting to damages. Liquidity exposes the Company to the risk of not having enough cash to fulfil its duties against creditors/debtors that can eventually cause sanctions and loss of business.

7.9 Reputational Risk
Reputational risk is a threat or danger to the good name or standing of a business or entity. Reputational risk can occur through a number of ways: directly as the result of the actions of the company itself; indirectly due to the actions of an employee or employees; or tangentially through other peripheral parties, such as joint venture partners or suppliers.

7.10 Conflicts of Interest Risk
A conflict of interest is a situation in which a person or organization is involved in multiple interests, financial or otherwise, in situations where serving one the interests could involve working against one of the other interests.

8. Risk Management and Mitigation Strategies

Some of the mitigation strategies that the Company follows are the following:

- The Company has a four-eyes structure and board oversight as required by CySEC. The Board further reviews any decisions made by management and monitors its activities.
- The Company reviews credit limit on a regular basis.
- Reconciliations performed by the accounting function are in place to detect discrepancies
- The Compliance Office ensures the appropriate level of the compliance with legislation and ensures that the information addressed to the client is fair, clear and not misleading.
- Internal audit visits to ensure that employees comply with the Company's internal procedures.
- The Company's Procedures Manual includes Business Continuity Policy, together with Employee Replacement Policy, which includes recovery procedures and actions to be followed in the case of damage to any vital part of the Company's structure.
- The Company continually obtains legal advice and suggestions on the preparation of its legal documents and any issues that may arise relating to the legal and regulatory environment under which it operates and more specifically on Compliance and Risk Management issues.

8.1 Credit Risk Management

The Company has no significant concentration of Credit Risk. Cash balances are held with quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

Our clients may not commence trading unless funds have been deposited into their account and their deposits have been cleared. Once trading begins, a given margin is tied, or held as collateral, protecting the Company if the position goes against the client. If account equity drops below a certain predefined level, under normal market conditions all client positions are automatically closed, therefore eliminating the risk that clients will lose more money than already deposited in their account.

8.2 Liquidity Risk Management

The Company has procedures in place with the object of minimizing the risk of losses which may arise as a result of an unmatched position. These procedures include maintaining sufficient cash and other liquid current assets and having available an adequate amount of committed credit facilities.
The Company also ensures that it has sufficient cash on demand to meet any operational expenses that arise.

8.3 Market Risk Management

The Company's activities expose it to Market Risk, which includes Foreign Exchange risk and Interest Rate Risk. These risks are managed and monitored using the following methods and mitigation strategies:

- Margin Calls
- Active Hedging strategy as decided by the Company's Risk Management Committee
- Monitoring Leverage
- Limiting trading via specific orders such as, Stop loss.

Also a breakdown of the market risk is shown on the table below:

Market Risk Exposure	Dec 31, 2019 (Audited)	Dec 31, 2018 (Audited)	EUR	%
Foreign Exchange	896	7,982	(7,086.00)	-791%
Traded Debt Instrument Risk	0	0	-	-
Equity Risk	0	0	-	-
Commodity Risk	157	632	(475.00)	-303%
Total	**1053**	**8614**		

8.4 Foreign Exchange Risk Management

Foreign Exchange Risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates. As the Company's principal activity is trading in foreign currencies, it is exposed to Foreign Currency Risk because of the existence of open currency positions in the currencies in which it performs transactions with its customers. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

8.5 Interest Rate Risk Management

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, as the Company has no significant interest-bearing assets. Furthermore, the Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

8.6 Operational Risk Management

Operational risk is the risk of loss arising from inadequate or failed internal processes, error, omission, inefficiency, systems failure or external events. The Company's policies and internal controls outline the processes and procedures to be followed by its employees, the reporting lines in place, and each department's functions and responsibilities. The aim of the policies and controls is to minimize the Operational Risk the Company faces. This is supported by a program of audits undertaken by the Internal Auditors of the Company.

The Company's Business Continuity Policy ensures that the Company's operations will continue in the event of the occurrence of circumstances beyond its control.

8.7 Concentration Risk Management

The Company has Credit Risk Mitigation strategies including the management of large exposures to a single credit institution or counterparty.

8.8 Interest Risk Management arising from non-trading book activities

The Company keeps a short-term fixed deposit in EU regulated credit institution.

9. The Risk Management Function

9.1 Structure and Responsibilities

The Company has put in place procedures in order to ensure that the full spectrum of risks it faces, is properly identified, measured, monitored and controlled to minimize adverse outcomes, while Internal Audit has the responsibility of auditing the risk management function and of proposing recommendations, where needed.

The Risk Management function shall be assigned the monitoring of the following:

1. The adequacy and effectiveness of the company's risk management policies and procedures
2. The level of compliance by the company and its relevant persons with the arrangements, processes and mechanisms adopted
3. The adequacy and effectiveness of measures taken to address any deficiencies in those policies, procedures, arrangements, processes and mechanisms, including failures by the relevant persons of the company to comply with such arrangements, processes and mechanisms or follow such policies and procedures.

The Risk Management Report is prepared on an annual basis regarding the status of the Company's risk management policies and procedures and any remedial measures taken to tackle any deficiencies. The report is prepared by the Risk Manager who heads the Company's Risk Management Committee. The report is presented to the Company's Board of Directors for approval and is subsequently submitted to the CySEC.

The risk management function is further strengthened by the following functions:

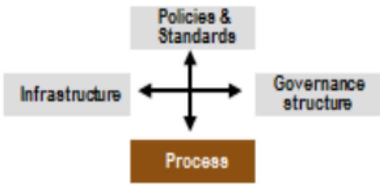
- Internal Audit
- Legal and Compliance
- Accounting.

9.2 The Company's Approach to Risk Management

The Board and Management recognize that risk occurs as part of the day-to-day business of the Company. Risk management embraces the whole spectrum of activities associated with the identification, measurement, monitoring and reporting of risk. The risk management framework enables a consistent approach to risk management across the Company.

The Company's risk framework is comprised by the following four key components:

- Policies and standards;
- Organization and governance structure;
- Risk processes; and,
- Risk infrastructure.



Policies and standards deal mainly with:

- Overall objective, risk strategy and appetite;
- High level description of approach and minimum risk policy standards; and,
- Relation with other lower level risk management and control policies and processes.

Organization and governance deal mainly with:

- Clearly documented roles and responsibilities tied to job description;
- Risk, MLCO/Compliance and Internal Audit functions which provides independent assessment and challenge to the business; and,
- Senior management oversight.

  Risk processes deal mainly with detailed standards and guidelines for:

- Risk and control assessment process;
- Risk monitoring/key risk indicators;
- Incident and loss tracking/reporting; and,
- Company risk reporting.

Risk Infrastructure deals mainly with:

- Technology to support/enable risk data capture and reporting;
- Supporting methodologies and tools; and,
- Key risk measures.

9.3 Internal Audit

The Internal Audit function examines and evaluates the adequacy and effectiveness of the Company's policies, procedures and internal control mechanisms in relation to its legislative obligations. On-site inspections are carried out at the headquarters of the Company, recommendation reports are issued and the Company's compliance with its legislative obligations is verified. An Internal Audit report is prepared on an annual basis and is presented to the Company's senior management and Board of Directors. The approved report is then sent to CySEC.

9.4 Legal and Compliance

The Company has in place a legal and compliance function that establishes implements and maintains adequate procedures that detect the risk of the Company failing to comply with its legislative obligations, adequate measures to minimize its risk of compliance and to assist CySEC in effectively exercising its powers. This function operates independently, monitors and assesses the adequacy and effectiveness of the internal compliance policies and procedures and the actions taken to address any deficiencies. It also acts as an information point to the Company's employees with reference to the Company's legislative obligations. Reports on compliance and Anti-Money Laundering and terrorist financing are prepared on an annual basis and presented to the Company's Senior Management and Board of Directors. As a final step, the reports are submitted to CySEC.

9.5 Accounting

The accounting function plays a key role in the Company complying with its financial reporting obligations to CySEC. The accounting function is responsible for preparing the Company's consolidated financial statements in accordance with applicable accounting standards and rules in order to reflect a fair and true view of the Company's financial position. The financial statements are audited by the Company's External Auditors and presented to the Board of Directors for approval.

In addition, the accounting function prepares the appropriate capital adequacy and large exposures forms for submission to CySEC on a quarterly basis in accordance with the Company's legislative obligations.

9.6 Recruitment policy

The Board of Directors will submit request to HR prior to the recruiting candidate for the Board of Directors. It is the responsibility of the Board of Directors to find, assess and short list candidates for the Board of Directors. The short-listed candidates must have sufficient experience and knowledge and devote the time needed to perform the job required by the Board of Directors effectively.

9.7 Remuneration Policy

The Company’s remuneration disclosure is subject to the principle of proportionality, which considers the scale, nature and complexity of activities of the Company.

The Company's remuneration policy is set by the Board of Directors.

The level of remuneration offered by the Company to management and staff is established based on skills, knowledge, and individual performance and market rates. Staff performance is assessed on an annual basis through the Company's HR processes, based on range of performance criteria (financial and non-financial). The remuneration structure offered by the Company to management and staff comprised of fixed remuneration. The remuneration policy of the company is not related at all to any risk taking and actually risk taking is discouraged.

Formal performance appraisals take place annually to evaluate the performance of each employee.

Remuneration analysis split by Senior Management and key management personnel

2019	Executive/Non Executive Directors	Key Management personnel
Fixed reward	EUR 138 000	EUR 231 400
Variable reward	EUR NIL	EUR NIL
Total	**EUR 138 000**	**EUR 231 400**
Number of beneficiaries	4	9

For the selection of the members of the management body, the Company pursues the target of having a professionally experienced, balanced, and top-integrity management team.

The members need to have higher education, necessary professional qualifications, advanced financial knowledge in the areas of financial markets, accounting and financial reporting, have appropriate skills, knowledge and diverse financial experience to perform their duties.

The Company's Board of Directors comprises of professionally qualified members, with sufficient financial experience and understanding of financial markets, their professional expertise includes accounting and auditing, IT, financial management and other areas. The Company recognizes the benefits of having a management team with diverse backgrounds, financial specialization, knowledge, skills and expertise. Diversity of the Board contributes to higher quality management decisions.

9.8 Diversity policy

The Company is committed to promoting diversity in the composition of its Board of Directors and recognizes that its human capital is the most valuable asset. Diversity is one of the criteria taken into consideration when selecting a Board member so that the Company has a balanced and effective Board.

10. Own Funds & Capital Adequacy Ratio

10.1 Information on Own Funds

In accordance with the Directive, the Company's own funds must be disclosed as the amount of original own funds with separate disclosures of all positive items (share capital, reserves brought forward, less any proposed dividends, translation differences and unaudited current period losses, as applicable).

10.2 Capital Adequacy Requirements

The Company, being regulated by the Cyprus Securities and Exchange Commission, needs to adhere to minimum capital requirements and proceeds to disclose such information. According with CySEC, CIFs are legally required to maintain a minimum capital adequacy of 8%, the Company maintains a considerably higher ratio.

As far as the Company's internal capital adequacy assessment is concerned this is reported to the Board on a quarterly basis.

Own Funds & Capital Adequacy Ratio as at 31.12.2019

Total Eligible Own Funds	
CET1 Capital ratio	34.63%
T1 Capital ratio	34.63%
Total capital ratio	34.63%
According to Article 92 of the Regulation EU No. 575/2013 a CIF shall at all times satisfy the following own funds requirements:	
CET1 Capital ratio	4.5%
T1 Capital ratio	6.0%
Total capital ratio	8.0%

Balance Sheet Reconciliation

	2019	**2018**
	€000	**€000**
Equity		
Share capital	9	8
Share premium	1906	1832
Accumulated Losses	-1020	-817
Total Equity as per Audited Financial Statements	**895**	**1023**
Additional deductions of CET1 Capital due to Article 3 of the CRR	-86	-86
Total Own funds as per CoRep Forms	**809**	**937**