

SC WorkWealth Management Ltd
CIF 439/2023

Disclosure and Market Discipline Report (Pillar III)
For the year ended December 31st, 2023

April 2024

DISCLOSURE

The Disclosure and Market Discipline Report or Pillar 3 Disclosures Report for the year ended 31st December 2023 has been prepared by SC WorkWealth Management Ltd based on the audited Financial Statements of 2023 as per the requirements of Regulation (EU) 2019/2033 (the “Investment Firms Regulation”, “IFR”) issued by the European Commission and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 and the Law 165(I)/2021 on the prudential supervision of investment firms.

According to Article 12 of the IFR the Company is deemed to be small and non-interconnected Investment Firm and pursuant to Article 46 of the IFR is required to proceed to limited disclosures (Pillar III disclosures).

The above has resulted to the respective amendments of the Investment Services and Activities and Regulated Markets Law (Law 144(1)/2007) and the implementation of the respective Regulations and the release of Law L.165(I)/2021, for the purpose of harmonization with the actions of the European Directive 2019/2034 (IFD) and Regulation (IFR).

Following the implementation of the above, the Company is required to disclose information relating to its capital, the risks that the Company is exposed to, its own funds, its remuneration policies and practices as well as its investment policy. These disclosures are for the year ended 31 December, 2023. The Company’s policy is to meet all required Pillar III disclosure requirements as detailed in the Prudential framework for Investment Firms Capital Requirements Regulations (IFR & IFD).

SC WorkWealth Management Ltd states that any information that was not included in this report was either not applicable on the Company’s business and activities or such information is considered as proprietary to the Company and sharing this information with the public and/or competitors would undermine our competitive position.

SC WorkWealth Management Ltd is regulated by the Cyprus Securities and Exchange Commission (License. No. 439/23).

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Contents

DISCLOSURE.....	2
I. Introduction	4
A. Corporate and License Information.....	4
B. Classification and Prudential Requirements.....	5
C. Purpose	6
D. Reporting Frequency	7
E. Verification.....	7
F. Regulatory Supervision.....	7
G. Reporting Details	8
H. Conclusion.....	8
I. Board of Directors Declaration.....	8
II. Risk Management Objectives and Policies.....	9
A. Risk Management Framework.....	9
B. Risk Management Process.....	10
C. Risk Appetite Statement	10
D. Risk Culture.....	16
E. Risk Identification	16
F. Risk Assessment	16
G. Risk monitoring and control	16
H. Stress Testing.....	16
I. ICARAP and Approach to assessing adequacy of Internal Capital.....	17
III. Corporate Governance and Committees	18
A. Board and Committees	18
B. Other Governance Functions.....	23
C. Investment Policy	26
D. Environmental, Social and Governance Risks	27
E. Information flow on risk to the management body.....	27
F. Board Declaration-Adequacy of the Risk Management arrangements.....	27
G. Board Risk Statement.....	28
IV. Own Funds.....	29
A. Own Funds requirements.....	29
B. Fixed Overheads Requirement.....	30
C. Liquidity Requirements	31
D. <i>Publication of disclosures</i>	31

I. Introduction

A. Corporate and License Information

SC WorkWealth Management Limited (hereinafter referred to as “**the Company**”) is a company incorporated in Cyprus with incorporation number HE431951, a Cyprus Investment Firm licensed (“CIF”) and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) on 27 November 2023 with license number CIF 439/2023. The registered office of the Company is at 27, Michalacopoulou Street, FF10, Nicosia, CY 1075, Cyprus. The Company has 2 employees as at 31 December 2023 located in Cyprus.

The Company is authorised and supervised under the Investments Services and Activities and Regulated Markets Law, Law No. 87(I)/2017, as amended and under the European Directive 2014/65/EU (MIFID II).

Specifically, CySEC has granted to the Company by Article 5(1) of the Law 87(I)/2017, as amended a license to operate as a Cyprus Investment Services Company for the provision of the following services in relation with financial instruments 1,2,3,4,5,6 and 7 of Part II of the First Annex of the Law.

Table 1 below, illustrates the current license information of the Company.

1.	Transferable Securities
2.	Money market Instruments
3.	Units in collective investments undertakings.
4.	Options contracts, futures contracts, swaps, forward-rate contracts and other any derivative contracts related to securities, currencies, interest rates or yields, emission allowances or other derivative instruments, financial indices or other financial measures which may be settled physically or in cash.
5.	Options contracts, futures contracts, swaps, forwards and any other derivative contract relating to commodities, which must be cash-settled or can be cash-settled at the option of a contracting party; but not due to non-payment or any other event giving rise to the termination of the contract.
6.	Options contracts, futures contracts, swaps, and any other derivative contract relating to commodities, that can be physical settled provided they are traded on a regulated market, MTF or an OTF, with the exception of wholesale energy products which are traded in OTF and must be settled by physical delivery.
7.	Options contracts, futures contracts, swaps, forwards and any other derivative contracts related to commodities, which can be physical settled, not otherwise mentioned in point 6 of this Part and not being for commercial purposes and which have the characteristics of other derivative financial instruments.

The Company is authorized to provide Cross-Border investment services in France, Greece, Italy, Luxembourg, Portugal, Romania and Spain.

The Company did not establish any branches or subsidiaries operating in countries outside the European Economic Area. Moreover, the Company did not activate or establish any branches or subsidiaries within the European Economic Area.

B. Classification and Prudential Requirements

The Investment Firms Directive (EU) 2019/2034 (“IFD”) and the Investment Firm Regulation, Regulation (EU) 2019/2033 (“IFR”) entered into force on 26 July 2021, introducing a new classification system for investment firms, based on their activities, systemic importance, size and interconnectedness. All investment firms are classified as Class 1, 2 or 3 Investment Firms.

Class 1 Investment Firms are the largest and most interconnected investment firms, with risk profiles similar to those of significant credit institutions, have equal treatment with credit institutions in the sense of a level playing field accordingly and they will fall entirely under the Regulation (EU) No 575/2013 (“CRR”).

Investment Firms categorized as Class 2 and Class 3 will have the most impact from the new prudential framework as, the capital requirements, reporting requirements and internal governance policies are subject to the provisions of IFR/IFD but with certain exceptions.

CIFs that meet all of the below criteria are categorised as Class 3 Investment Firms while when they exceed any of the following specific size thresholds, they are categorised as Class 2 Investment Firms. Specifically, the criteria are:

- a) AUM (Assets Under Management) measured in accordance with Article 17 is less than EUR 1,2 billion;
- b) COH (Client Orders Handled) measured in accordance with Article 20 is less than either:
 - EUR 100 million/day for cash trades; or
 - EUR 1 billion/day for derivatives;
- c) ASA (Assets safeguarded and administered) measured in accordance with Article 19 is zero;
- d) CMH (Client Money Held) measured in accordance with Article 18 is zero;
- e) DTF (Daily Trading Flow) measured in accordance with Article 33 is zero;
- f) NPR (Net Position Risk) or CMG (Clearing Margin Given) measured in accordance with Articles 22 and 23 is zero;
- g) TCD (Trading Counterparty Default) measured in accordance with Article 26 is zero;
- h) The on- and off-balance-sheet total of the investment firm is less than EUR 100 million;
- i) The total annual gross revenue from investment services and activities of the investment firm is less than EUR 30 million, calculated as an average on the basis of the annual figures from the two-year period immediately preceding the given financial year.

The Company is categorized as a Class 3 Investment Firm under the IFR/IFD Regulation. This type of investment firm is typically called as a “Portfolio Management or Investment Advisory CIF” without holding Client funds. The Company is categorized in Class 3 as it meets all of the abovementioned criteria and therefore qualifies as a small and non-interconnected investment firm (Art. 12(1) of IFR).

Pursuant to Article 14 of the Regulation (EU) 2019/2034 (“IFR”) and Article 9 of the Directive (EU) 2019/2033 (“IFD”) the Company is categorised as “Limited Scope” CIF with minimum/initial capital requirement of €75,000.

The IFR/IFD prescribe a wide range of disclosure obligations for Class 2 investment firms (and, to an extent, any Class 3 firms that issue additional tier 1 capital instruments). Specifically, public disclosures are required in respect of:

- a) risk management objectives and policies (Art. 47 – IFR)
- b) internal governance arrangements (Art. 48 – IFR)
- c) own funds requirements (Art. 49, 50 – IFR)
- d) remuneration policy and practices (Art. 51 – IFR)
- e) investment policy (Art. 52 – IFR)
- f) environmental, social and governance risk (Art. 53 – IFR).

C. Purpose

The Disclosures & Market Discipline Report (the ‘Report’) is prepared in accordance with the disclosure requirements as laid out in Part Six of the IFR. Investment firms are required to disclose their capital resources, capital requirements, remuneration policies, practices and governance standards. The scope of this report is to promote market discipline and to improve transparency of market participants.

The Company does not fall into the significant category in terms of its size, internal organization and the nature, the scope, and the complexity of its activities, according to the definition of significance as provided by CySEC Circular C487 and to this end, it does not deem necessary to establish a Nomination Committee or Remuneration Committee for the year under review.

The IFR/IFD framework consists of three (3) Pillars that are used to regulate, supervise and improve the risk management of firms in the financial services industry. The three (3) Pillars and their applicability to the Company, are summarised below:

- **Pillar I** - Minimum Capital Requirements - ensures that the Company maintains at all times a sufficient amount of capital above the minimum requirement in relation to certain key risks, as calculated using prescribed methods.
- **Pillar II** – ICARAP and Supervisory Review and Evaluation Process (“SREP”) - ensures that the Company and its supervisor, CySEC, actively assess, control and mitigate the various risks that the Company faces.
- **Pillar III** - Market Discipline - ensures the promotion of market discipline through the disclosure of the Company’s regulatory requirements, risk management and risk governance policies and procedures, allowing market participants to view and compare meaningful information relating to the Company and its peers.

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

The Company’s business effectiveness is based on the guidelines of the risk management policies and procedures put in place. The Board of Directors, Internal Audit, Compliance Officer and Risk Manager and Anti-Money Laundering Compliance

Officer control and supervise the overall risk system so that all units charged with risk management perform their roles effectively on a continuous basis.

This report has been prepared using the Audited Financial Statements.

D. Reporting Frequency

The regulatory requirement is to publish the disclosures on an annual basis. Should there be a material change in approach used for the calculation of capital, business structure or regulatory requirements, the frequency of disclosure will be reviewed.

The information contained in the Pillar III Market Discipline and Disclosure Report is audited by the Company's external auditors and published on the Company's website <http://www.scworkwealth.com/>.

E. Verification

The Company's Pillar 3 disclosures are subject to internal review and validation prior to being submitted to the Board for approval. The Report has been reviewed and approved by the Board. In addition, these disclosures will be subject to verification by the external auditors of the Company and the external auditors' verification report is submitted to CySEC.

F. Regulatory Supervision

All CIFs under CySEC's authority must meet the requirements with respect to capital adequacy and market discipline, as per the below legal framework:

- Law 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets;
- Law 165(I)/2021 regarding the prudential supervision of investment firm;
- Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;
- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation - CRR);
- Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (Capital Requirements Directive IV – CRD IV);
- Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (Investment Firms Regulation - IFR);
- Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (Investment Firms Directive - IFD).

The Regulatory framework consists of:

- **Basic Prudential Requirement** - Covers minimum capital and liquidity requirements.
- **Internal Capital and Liquidity Adequacy Assessment** – Regulates the investment firm's accountability to the regulator for capital and liquidity adequacy. If the regulator deems the capital to be insufficient, a corrective requirement can be imposed on the company in the form of what is known as a 'SREP'.
- **Disclosures Requirement** - require the disclosure of information regarding the prudential requirements, risk management and principles of the remuneration policy.

G. Reporting Details

The Company reports on a Solo basis and the reporting currency is EUR.

H. Conclusion

Given that the Company has not engaged in any activities or operations, it can be considered to have a low-risk appetite regarding investing and managing business and operational activities. The risk management objectives and work program will be developed and set up on the basis of this compliance risk assessment.

The Company implements appropriate procedures for the continuous monitoring and evaluation of risks by competent individuals. The risk manager actively participates in the development of the Company's risk strategy and material management decisions, while continuously monitoring the adequacy and effectiveness of the Company's risk management policies and procedures. Additionally, the risk manager assesses the adequacy and effectiveness of measures taken to address any deficiencies in the relevant procedures and mechanisms, allowing the company to promptly adjust its risk mitigation measures as needed to achieve the desired risk reduction and management. Simultaneously, the risk manager maintains a direct reporting line to the Board of Directors, independent from senior management, to facilitate the timely communication of concerns and warnings to the Board of Directors, as deemed necessary.

I. Board of Directors Declaration

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

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

In addition, the Company aims to provide all staff members with appropriate staff training and day-to day assistance. The Company prioritizes the continual

development and empowerment of its staff members (who are involved directly or indirectly in the provision/performance of the Company's services and activities) to ensure optimal performance in their respective roles. Through comprehensive advisement and guidance, employees are equipped with the necessary knowledge and skills to effectively execute their duties.

II. Risk Management Objectives and Policies

There is a formal structure for monitoring and managing risks across the Company comprising of detailed risk management frameworks (including policies and supporting documentation) and independent governance and oversight of risk.

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

First Line of Defence: 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 organisational risk appetite and are fully compliant with Company's policies and where appropriate defined thresholds. First Line of Defence acts as an early warning mechanism for identifying (or remedying) risks or failures.

Second Line of Defence: 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 Defence is identifying risk areas, detecting situations/activities, in need of monitoring and developing policies to formalise risk assessment, mitigation and monitoring.

Third Line of Defence: Comprised 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 Defence to ensure that its findings and recommendations are taken into consideration and followed, as applicable.

A. Risk Management Framework

Managing risk effectively in a Company operating in a continuously changing risk environment requires a strong risk management culture. As a result, the Company has established an effective risk oversight structure and the necessary internal organisational controls to ensure that the Company undertakes the following:

- The adequate risk identification and management;

- The establishment of the necessary policies and procedures;
- The setting and monitoring of the relevant limits and
- Compliance with the applicable legislation.

The Risk Management Framework:

- Enables the Company to proactively manage its risks in a systematic manner
- Ensures that appropriate measures are in place to mitigate risks
- Creates a culture of risk awareness within the Company and
- Ensures that risk management is an integral part of the Company's decision-making process.

The Company has established and maintains a permanent risk management function that operates independently and is responsible for the implementation of risk management policies and procedures. The Risk Management function is tasked with designing the risk management function, preparing risk management policies and procedures, identifying all risks faced by the Company, and establishing methods for risk monitoring and measurement.

B. Risk Management Process



C. Risk Appetite Statement

Risk appetite is the level and type of risk a firm is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders. Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events and outcomes. In addition, risk appetite should reflect potential impact on earnings, capital and funding/liquidity.

According to Financial Stability Board (FSB) an appropriate risk appetite framework (RAF) should enable risk capacity, risk appetite, risk limits, and risk profile to be considered for business lines and legal entities as relevant, and within the group context. The Risk appetite framework is defined as the overall approach, including policies, processes, controls, and systems through which risk appetite is established, communicated, and monitored. It includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF.

The review and approval process are undertaken at least annually. The Company's Risk Appetite covers the core areas of, Risk to the Clients of the firm, Risk the firm poses to the Market, Risk to the Firm, Concentration risk and Liquidity risk.

The Board approves the Company's business plans, budget, Internal Capital Adequacy Assessment Process (the "ICAAP") and also monitor's the Company's risk profile, capital adequacy, liquidity and concentration position.

The Company is assessing its risk appetite in respect to investing and to managing business and operational activities while the Company's Risk Appetite Statement is prepared by the Risk Manager and approved by the Board of Directors.

Table 2- Risk Appetite Areas (Enterprise Risk)

Risk Area	Risk Types
Financial	<ul style="list-style-type: none"> • Credit Risk • Market Risk • Liquidity Risk
Reputational	<ul style="list-style-type: none"> • Conduct Risk • Client Risk • Regulatory Risk • External reputational Risk
Operational & People	The risk associated with the failure of key processes or systems, procedures, policies and the risks of not having the right quality and quantity of people to operate those processes.

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

Risk Mitigation Measures: The Company calculates and monitors its capital requirements on a quarterly basis and reports to the competent authorities, as applicable. The capital adequacy assessment reveals that the capital levels of the Company are currently in compliance with CySEC regulatory requirements. The Company retains adequate own funds and has taken appropriate measures to mitigate any potential adverse impacts associated with these risks. In order to ensure compliance with capital adequacy and the Company's obligation to apply appropriate mitigation measures in a timely manner, it is recommended that the

relevant departments closely monitor the aforementioned risks and schedule internal meetings periodically for this specific purpose.

The Company shall monitor and verify its compliance with the relevant requirements of IFR/IFD. The Board of Directors shall monitor and ensure that the management accounts can verify at all times the Company's compliance with the capital adequacy rules.

B) Market Risk: Market risk can be defined as the risk of losses in on and off-balance sheet positions arising from adverse movements in market prices. From a regulatory perspective, market risk stems from all the positions included in banks' trading book as well as from commodity and foreign exchange risk positions in the whole balance sheet.

Risk Mitigation Measures: Management monitors such reporting and has policies and procedures in place to help meet the specific regulatory requirements. This is achieved through the preparation on a monthly basis of accounts to monitor the financial and capital position of the Company.

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

Risk Mitigation Measures: The Company strives to preserve its reputation by adhering to applicable laws and regulations, and by following the core values and principles of the Company, which include integrity and good business practice. The Company centrally manages certain aspects of reputation risk, for example communications, through functions with the appropriate expertise. It also places great emphasis on the information technology security which is one of the main causes of such reputational risk manifestation.

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

E) Business Risk includes the current or prospective risk to earnings and capital arising from changes in the business environment including the effects of deterioration in economic conditions.

Risk Mitigation Measures: Research on economic and market forecasts are conducted with a view to minimize the Company's exposure to business risk. These are analyzed and taken into consideration when implementing the Company's strategy.

F) Regulatory risk is the risk the Company faces by not complying with relevant Laws and Directives issued by its supervisory body. If materialized, regulatory risk could trigger the effects of reputation and strategic risk.

Risk Mitigation Measures: The Company has documented procedures and policies based on the requirements of relevant Laws and Directives issued by the Commission; these can be found in the Procedures Manual. Compliance with these procedures and policies are further assessed and reviewed by the Company's Internal Auditors and suggestions for improvement are implemented by management. The Internal Auditors evaluate and test the effectiveness of the Company's control framework at least annually. Therefore, the risk of non-compliance is very low.

G) Legal and Compliance Risk: Legal and Compliance Risk could arise as a result of breaches or non-compliance with legislation, regulations, agreements or ethical standards and have an effect on earnings and capital. Following the replacement of the Law 144(I)/2007 by Law 87(I)/2017 for the purpose of harmonization with MIFID II, several regulatory changes were applied that may cause the Company's exposure to compliance risk.

H) Money-Laundering Risk: The risk may be triggered from the potential of non-compliance with the Prevention and Suppression of Money Laundering Activities and Terrorist Financing Law, regulations and directives. The Company keeps and maintains an adequate level of policies and procedures, on a risk-based approach, to effectively comply with its obligations towards the regulatory framework. The Money Laundering Compliance Officer is qualified and well trained.

I) IT and GDPR Risk could occur as a result of inadequate information technology and processing, or arise from an inadequate IT strategy and policy or inadequate use of the Company's information technology.

Risk Mitigation Measures: Specifically, policies have been implemented regarding back-up procedures, software maintenance, hardware maintenance, use of the internet and anti-virus procedures. Materialization of this risk has been minimized to the lowest possible level.

J) Risk Reporting: The Company maintains a system in place to record any risk event incurred on a special form duly completed by personnel of each department and is submitted to the Compliance officer and Risk manager when such event occurs.

K) Liquidity Risk is defined as the risk when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has policies and procedures with the object of minimizing such losses.

L) Country Risk: Conduct risk is defined as the risk of an action, by an individual, financial institution or the industry as a whole, which leads to customer detriment or, undermines market integrity. This can bring sanctions and negative publicity. Moreover, the Company has defined conduct risk as the current or prospective risk of losses to an institution arising from inappropriate supply of financial services including cases of wilful or negligent misconduct. Consequently, conduct risk arises from failures of designated liquidity providers located in third countries associated with the Company.

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

Risk Mitigation Measures: The Company manages operational risk through a control-based environment in which processes are documented and transactions are reconciled and monitored. This is supported by continuous monitoring of operational risk incidents to ensure that past failures are not repeated.

The Company has developed processes, management tools and a control infrastructure to enhance the Company-wide control and management of the operational risks that are inherent in its various activities.

These include, among others, general and specific procedures, permanent supervision, business continuity plans and functions dedicated to the oversight and management of specific types of operational risks, such as fraud, risks related to external service providers, legal risks, information system security risks and compliance risks.

In order to control the exposure to operational risks, the management has established two key objectives:

- To minimise the impact of losses suffered, both in the normal course of business (small losses) and from extreme events (large losses).
- To improve the effective management of the Company and strengthen its brand and external reputation.

The Company recognises that the control of operational risk is highly dependent on the effective and efficient management practices and high standards of corporate governance.

To that effect, the management of operational risk is geared towards:

- Maintaining a strong internal control governance framework.
- Managing operational risk exposures through a consistent set of processes that drive risk identification, assessment, control and monitoring.

The Company implements the below Operational Risk Mitigation Strategies in order to minimize its Operational Risk Exposure:

- The development of operational risk awareness and culture;
- The provision of adequate information to the Company's management, in all levels, in order to facilitate decision making for risk control activities.
- The implementation of a strong system of internal controls to ensure that operational losses do not cause material damage to the Company and have a minimal impact on profitability and objectives
- The improvement of productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value
- Established a "four-eye" structure and board oversight. This structure ensures the separation of power regarding vital functions of the Company namely through the existence of a Senior Management. The Board further reviews any decisions made by the Management while monitoring their activities.
- Detection methods are in place in order to detect fraudulent activities
- Comprehensive business contingency and disaster recovery plan.

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

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

The Company has implemented an operational risk management framework designed to ensure that operational risks are assessed, mitigated and reported in a consistent manner consisting of, inter alia, the following components:

- Maintaining a four-eye structure and implementing board oversight over the strategic
- decisions made by the heads of departments;
- IT Disaster Recovery Plan has been designed in order to be used in the event of a force majeure affecting the Company's internal systems and databases; and
- Maintenance of Risk Registers in the Context of the ICAAP;
- A Business Continuity Plan has been implemented which helps protect all of the
- Company's information databases including data, records and facilities.

- The majority of actions occurring in the Company's systems are automated and therefore it is less likely that a human error will occur;
- Review of risks and controls as part of the Internal Audit function;
- Regular review and updating of the Company's policies;

N) Political Risks: The consequences of the Russian-Ukrainian conflicts, and the sanctions imposed by the European Council against Russia considerably affected the whole financial sector. The Company's governance and controls that are in place aim to protect the Company from risks associated with the said conflict.

O) ESG Risk: Risk of engaging in activities related to climate change impacts mitigation and adaptation, environmental management practices and duty of care, working and safety condition, respect for human rights, anti-bribery and corruption practices, and compliance to relevant laws and regulations.

D. Risk Culture

Risk culture is a critical element in the Company's risk management framework and procedures. Management considers risk awareness and risk culture within the Company as an important part of the effective risk management process. Ethical behaviour is a key component of the strong risk culture and its importance is also continuously emphasised by the management.

E. Risk Identification

The Risk Identification process provides guidance on the sources to investigate and research in order to identify new and emerging risks and sets out consistent principles, which should be applied.

F. Risk Assessment

The Risk Assessment process is the means through which the Company understands and estimates the effect of risk on the business and the processes, systems and controls that mitigate those risks to an acceptable level.

G. Risk monitoring and control

Based on the Risk Assessment findings and having the Risk Appetite as a benchmark the Company decides to eliminate, mitigate, or tolerate the risks faced and accordingly takes appropriate actions and measures to achieve the decision being made. The actions and measures are monitored for performance and change achievement.

H. Stress Testing

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

- Understanding the risk profile of the Company.
- The evaluation of the Company's capital adequacy in absorbing potential losses under stressed conditions: This takes place in the context of the Company's ICARAP on an annual basis.

- The evaluation of the Company's strategy: Senior management considers the stress test results against the approved business plans and determines whether any corrective actions need to be taken. Overall, stress testing allows senior management to determine whether the Company's exposures correspond to its risk appetite.
- The establishment or revision of limits: Stress test results, where applicable, are part of the risk management processes for the establishment or revision of limits across products, different market risk variables and portfolios.

The ultimate responsibility and ownership of the Company's stress testing policy rests with the BoD. If the stress testing scenarios reveal vulnerability to a given set of risks, the management should make recommendations to the BoD for mitigation measures or actions. These may vary depending on the circumstances and include one or more of the following:

- Review the overall business strategy, risk appetite, capital and liquidity planning.
- Review limits.
- Reduce underlying risk positions through risk mitigation strategies.
- Consider an increase in capital.
- Enhance contingency planning.

The Company will perform financial modelling and stress analysis on a frequent basis especially when year-end financial results are available or when it revises its business plan, mainly through its ICARAP report.

The Company is required to prepare and make available upon request periodic ICAAP reports which set out future plans, their impact on capital availability and requirements and the risks to capital adequacy under potential stress scenario.

[1. ICARAP and Approach to assessing adequacy of Internal Capital](#)

The Company, in accordance with EU regulation 2019/2033 (IFR), is not required to document an ICARAP as a Class 3 Firm. However, has procedures in order to evaluate the risks to clients, risks to market and risks to the firm as well as any additional risks that are not covered by the IFR/IFD framework and the calculation of K-Factors. The Company process considers all of the risks faced by the Company, the likely impact of them if they were to occur, how these risks can be mitigated and the amount of capital that it is prudent to hold against them both currently and in the future.

Given the Company has received the license on 27 November 2023, it has not yet prepared an ICARAP Report. The Risk Manager informed the Board that the ICARA report preparation has been already initiated and the capital planning is designed.

The Company will perform evaluation of the complete Risk Records charts and the Risk Manager will create a Risk Register with Assessments.

These measures will allow the Management to evaluate and create an Action Plan to monitor and mitigate the consequences of the risks in order to make the Board of Directors to be aware of the requirements.

III. Corporate Governance and Committees

A. Board and Committees

Board of Directors (BoD)

The Company is governed by a Board of Directors consisting of four (4) members, comprising two (2) Executive Directors and two (2) Non-Executive Directors. The Board serves as the Company's primary governing body and is accountable to the shareholders for ensuring the Company's long-term success.

The Board of Directors ("BoD") defines, oversees and is responsible for the implementation of the governance arrangements that ensure effective and prudent management of the Company, including the segregation of duties within the entity and the prevention of conflict of interest, and in a manner, that promotes the integrity of the market and the interest of the client pursuant to the provisions of the regulatory framework.

In particular, the BoD shall (among others):

- have the overall responsibility of the Company and approve and oversee the implementation of the Company's strategic objectives, risk prevention strategy and internal governance;
- must ensure the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the legislation and relevant standard;
- must oversee the process of disclosure and announcement;
- must be responsible for providing effective supervision of senior management;
- the chairman of the BoD shall not exercise simultaneously, within the same Company, the functions of a CEO, unless justified by the Company and approved by the CySEC.

Members of the BoD, must, in particular, fulfil the following requirements:

- all members of the BoD commit sufficient time to perform their duties
- the number of directorships which may be held by a member of the BoD at the same time shall take into account individual circumstances and the nature, scale and complexity of the entities' activities. The Company, specifically, shall also consider the limitations in the number of directorships in cases where the Company becomes significant in terms of size, nature, scope and complexity of its activities;
- The BoD shall collectively possess adequate knowledge, skills and experience to be able to understand the entities' activities, including principal risks;
- Each member of the BoD must act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the senior management where necessary and to effectively oversee and monitor management's decision-making.

In performing their duties, the Directors:

- act within powers;
- avoid conflicts of interest;

- declare an interest in a proposed transaction or arrangement;
- abide by any statutory, fiduciary or common-law duties to the Company;
- comply with the requirements under both legislation and regulation relevant to them and the Company; and
- act honestly, faithfully, professionally and diligently when exercising their powers and performing their duties.

Table 3- The Board members

Name	Board Position	Investment Committee Member	Compliance, Audit and Risk (“CAR”) Committee member
Mr. Jose Carvalhinho	Executive Director & CEO	YES	YES
Mr. Rui Sergio Silva	Executive Director & Senior Manager	YES	YES
Ms. Chrystalla Neophytou	Independent, Non-Executive Director	NO	YES
Mr. Omeros P. Nishiotis	Independent, Non-Executive Director	NO	YES

Senior Management

The Company shall ensure that senior management, and, where applicable, the supervisory function, are responsible for ensuring that the Company complies with its obligations under MIFID II. In particular, senior management and, where applicable, the supervisory function shall be required to assess and periodically review the effectiveness of the policies, arrangements and procedures put in place and to take appropriate measures to address any deficiencies.

The allocation of significant functions among senior managers shall clearly establish who is responsible for overseeing and maintaining the Company’s organisational requirements. Records of the allocation of significant functions shall be kept up-to-date.

The Company aims to identify and prevent or manage the conflicts of interest arising in relation to their various business lines and their group's activities under a comprehensive conflicts of interest policy.

In particular, senior management and its Board of Directors assess and periodically review the effectiveness of the policies, arrangements and procedures put in place to comply with the obligations under the Law and the Directive and to take appropriate measures to address any deficiencies.

The Senior management will receive on a frequent basis, and at least annually, written reports on the matters covered by paragraphs 5, 6 and 8 of the Directive indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies.

Formal meetings of the senior management will be held on a quarterly basis with all members and the AMLCO in attendance, thus safeguarding the consistency of the board's decisions with the relevant legislative framework. The minutes and board resolutions will be recorded and maintained in the Company's files. The agenda and the right materials will be sent to the senior management beforehand

Table 4- The Company's Senior Management

No.	Name	Position
1.	Mr. Jose Carvalhinho	Managing Director
2.	Mr. Rui Sergio Silva	General Manager

Statement of Diversity

The Company is committed to encouraging and promoting diversity, equity and inclusion in all aspects of its work and business. The Company is committed to ensuring that all their Team Members feel included and respected therefore able to give their best. The purpose of the Diversity Policy is to promote this aim.

The Company recognises that promoting an internal culture that values difference and recognises that people from different backgrounds and experiences can bring valuable insights to the workplace is vital to the integrity and wellbeing of the global organisation. Furthermore, the Company recognises the value that diversity, equity and inclusion make good business sense.

The Policy established takes into consideration the nature, scale and complexity of the Company's operations.

Then, for the consideration of a management body member, the Company takes into consideration the following diversity aspects:

- Educational and professional background
- Gender
- Age
- Geographical provenance.

Candidates shortlisted for becoming members of the management body of the Company shall at least cover one (1) of the areas of diversity listed above which is not currently present on the management body.

Despite the aforementioned, when appointing members of the management body, the Company will ensure that the candidates have adequate knowledge, experience, qualifications and skills necessary to safeguard the proper and prudent management of the Company.

The Company will ensure that it adequately sets out and describes the role and capabilities required for any given appointment to the management body. The aforementioned principles will be exercised and manifested through transparent and open recruitment procedures.

Governance Committee/Departments

The Company has the following **five (5) Departments**:

- Accounting and Finance Department;
- Information Technology (“IT”) Department
- Back Office & Administration Department;
- Risk and Compliance Department.
- Investment Advice Department.

The Company has in place **two (2) Committees**:

- Investment Committee (Advisory);
- Compliance, Audit & Risk- AML Committee.

1. The **CAR Committee** is composed of two executive directors (Mr. Jose Carvalhinho and Mr. Rui Sergio Silva) two independent non-executive directors (Ms. Chrystalla Neophytou and Mr. Omeros P. Nishiotis), the Internal Auditor (PWC), , the head of AMLCO Committee (Ms. Chrystalla Neophytou) and the head of Risk and Compliance Department (Mr. Lazaros Ioannou, APC Compliance Ltd).

Risk Management Committee

The Risk Management Committee (“RMC”) advises the Board of Directors on the overall strategy and the appetite to all kinds of risks and helps the Board to verify that this strategy is implemented.

It is responsible for:

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

The committee held one meeting in 2023.

2. The **Investment Advice Department** provides Investment Advice services, meaning the provision of personal recommendations to clients, either following his or her request, or at the initiative of the Company, in relation to one/or more transactions concerning financial instruments.

The Department shall deal fairly and objectively with all clients when providing investment information, making investment recommendations, or taking investment action. Investment Advisors and Portfolio Managers shall aim to advise or manage client portfolios in a manner that serves, in the best possible way, the client best interests and recommend investments that are suitable for them. The members of the Investment Committee -Advisory comprise of Mr. Rui Sergio Silva and Mr. Horacio Vilela.

Market Analysis

On a regular basis, the Head of the Investment Advice shall carry out market analysis. In this respect, the Head of the Investment Advice shall be responsible for the following:

- conducting in-house research by monitoring the financial markets, various financial instruments and the relevant economies;
- accessing investment research material from third parties;
- attending conference calls of security issuers and visiting the premises of security issuers, as applicable;
- establishing and monitoring investment themes, which shall include specific financial instruments;
- investment themes, as applicable. The said analysis shall include security price targets.

Performance Monitoring

The Department shall monitor performance of portfolios and shall also monitor the following, at least monthly:

- the overall performance/risk of Client portfolios;
- the performance and risks of the individual portfolio holdings;
- possible effects of any significant economic and market developments on the portfolios' risk and performance.

The performance assessment of portfolios mentioned above shall be undertaken in respect of the following:

- any benchmark that has been agreed between the client and the asset manager;
- any specific client instructions that have been clearly documented;

3. The **Back Office & Administration Department** provides administration and support to the Company's business activities and client operations with due skill, care and professionalism. The Department aims to provide high quality service to clients and in compliance with the provisions of the Law, Directives, and Circulars of CySEC.

4. The **Accounting & Finance Department** is responsible for the maintenance of proper accounting records as these are required by the relevant Laws and Regulations, as well as for providing timely and accurate financial information to the Management and the CySEC. The Accounting & Finance Department is outsourced (AEL Markhams Ltd).
5. The **Information Technology (“IT”) Department** is responsible for the provision and support of the network, servers, end user equipment and application software, including application maintenance. All activities are provided with the purpose of supporting the business operations of the Company.
6. The **Risk and Compliance Department** is responsible to establish, implement, and maintain adequate and effective policies and procedures and ensure appropriate systems and controls are in place to detect any risk of failure by the Company to comply with its obligations. The Head of the Risk and Compliance Department is Mr. Lazaros Ioannou.

B. Other Governance Functions

Compliance Function

The head of the Risk, Compliance & AML Department is Ms. Chrystalla Neophytou and was made responsible for putting in place adequate measures and procedures designed to minimise associated risks and to enable the competent authorities to exercise their powers effectively. The AMLCO reports to the Senior Management and the Board of the Company. The AMLCO was made responsible for establishing a second line of defence function, fully independent to the first line of defence, and has the necessary authority, resources, expertise, and access to all relevant information.

In addition, the Company has been appointed an external outsourced Compliance Officer who has extensive knowledge with regard to the compliance industry and regularly attends seminars and conferences with regard to the subject. The Compliance Officer of the Company, Mr. Lazaros Ioannou is also a member of the Association of Certified Anti-Money Laundering Specialists (CAMS), holds the Advanced and AML Certificate from CySEC and as is Certified Global Sanctions Specialists (CGSS) from ACAMS. Mr. Ioannou has extensive experience in the corporate services sector, having served this sector for several years from various positions. He has also served in the capacity of the AML Compliance Officer for a corporate services provider for a number of years.

The Company established, implements, and maintains adequate and effective policies and procedures and ensure appropriate systems and controls are in place to detect any risk of failure by the Company to comply with its obligations. The Compliance will review the policies and procedures applied by the Company (at least annually) and will make any suggestions for improving and developed the internal control and procedures. Furthermore, the Compliance Officer is duly certified and registered in accordance with article 5(6) of the Consolidated Directive on the Certification of Persons, RAD 44/2019, as amended.

The appointment of the AMLCO and the Compliance Officer, given their long experience in the industry, is considered sufficient and effective for carrying out the Compliance Officer's duties as outlined in paragraph 9 of the CySEC's AML Directive.

The AMLCO is responsible for the compliance function and for any reporting as to compliance required by paragraph 9(2) of the Directive. If there is a need for further assistance, the AMLCO shall proceed accordingly.

Anti-Money Laundering Function

The Board retains a person to the position of the Company's Anti-Money Laundering Compliance Officer (AMLCO) to whom the Company's employees report their knowledge or suspicion of transactions involving money laundering and terrorist financing. The AMLCO is Ms. Chrystalla Neophytou.

The Board retains a person to the position of the Company's Anti-Money Laundering Compliance Officer (hereinafter the "AMLCO") to whom the Company's employees report their knowledge or suspicion of transactions involving money laundering and terrorist financing. The AMLCO belongs to the higher hierarchical levels/layers of the Company so as to command the necessary authority. The AMLCO leads the Company's Anti-Money Laundering Compliance procedures and processes and report to the Senior Management and the Board of the Company.

Scope and objectives of the AMLCO (among others):

- a) The improvement of mechanisms used by the Company for counteraction of legalization (laundering) of criminally earned income;
- b) To decrease the probability of appearance among the Customers of the Company of any persons/organizations engaged in illegal activity and/or related with such persons/organizations;
- c) To minimize the risk of involvement of the Company in any unintended holding and realization of operations with any funds received from any illegal activity or used for its financing;
- d) To ensure compliance with anti-money laundering laws and directives issued by CySEC as well as the identification and proper reporting of any money laundering activity to the relevant authorities Committees.

Internal Audit Function

The Company, taking into account the nature, scale and complexity of its business activities, as well as the nature and the range of its investment services and activities, establishes and maintains an internal audit function through the appointment of a qualified and experienced Internal Auditor. The Internal Auditor is appointed and reports to the Senior Management and the Board of the Company.

The Internal Auditor is separated and independent of the other functions and activities of the Company. The Internal Auditor bears the responsibility to (among others):

- a) establish, implement and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the Company's systems, internal control mechanisms and arrangements

- b) issue recommendations based on the result carried out in accordance with point (a)
- c) verify compliance with the recommendations of point (b)
- d) provide timely, accurate and relevant reporting in relation to internal audit matters to the Board and the Senior Management of the Company, at least annually.

The Internal Auditor is responsible for applying the Internal Control System (hereinafter, the “ICS”), which confirms the accuracy of the reported data and information. Furthermore, the role of the Internal Auditor is the programming, on an at least annual basis (as applicable), of checks on the degree of application of the required ICS.

Risk Management Function

The Risk Manager drafts written reports to the Senior Management via relevant committees and to the Board including recommendations where remedial measures are required to address material deficiencies. Production of a risk management report is also performed annually as required. These reports are presented to the Board and discussed during its meetings, which are held at least annually. The Company submits the reports to CySEC alongside the minutes of the meetings of the Board of Directors, during which the risk management report has been discussed. The Risk Manager of the Company is Mr. Lazaros Ioannou.

The Risk Manager is, inter alia, responsible to:

- a) complying and implementing the relevant provisions of the Law, relating to risk management issues;
- b) requiring sufficient information from all the relevant departments of the Company, as applicable;
- c) educating and training the personnel of the Company on risk-related issues examining the financial results of the Company
- d) analyzing the market and its trends (from a risk management perspective), as applicable
- e) evaluating how the introduction of any potential new services or activities by the Company could affect the risk management of the Company, and provide such requests to the Senior Management or the Board, as requested;
- f) examining the capital adequacy and the exposures of the Company drafting written reports to the Senior Management and to the Board including recommendations as well as indicating in particular whether the appropriate remedial measures have been undertaken in the event of any deficiencies, at least annually. These reports shall be presented to the Board and discussed during its meetings, at least annually. The Company shall submit to CySEC the minutes of the meetings of the Board of Directors, during which the report of the Risk Manager has been discussed. These minutes are submitted to CySEC within twenty (20) days from the date of the relevant meeting and no later than four (4) months after the end of the calendar year, attached to the said report.

- g) calculating, setting, reviewing, updating and monitoring Client and counterparty limits, as applicable;
- h) managing the overall risks faced by the Company, with a particular focus on the Client side risks where fraud, dispute, Client identification and due diligence and funding/deposit risks are handled and monitored accordingly in coordination with the AMLCO and the Back Office Department, as applicable;
- i) maintaining a record of all the Clients and counterparties risk and limits involved;
- j) recommending, providing and supervising policy description concerning information systems (including backup systems that can restore smooth operation in case of failure);
- k) monitoring the provision of the ancillary service of granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;

with respect to liquidity risk and market risk:

- a) defining acceptable maximum risk assumption limits per class of risk breaking down the above risk limits further where necessary, for example, per class of investment service or Financial Instrument, or Client or market, as applicable
- b) implementing stop loss-control limits, where applicable
- c) following up open positions within the approved limits
- d) suggesting to the Senior Management to stop trading, if it is necessary due to the current market conditions and credit risk.
- e) engage into and fulfil his/her ICAAP related duties and responsibilities as these shall be detailed in the ICAAP Manual of the Company.

The Risk Manager takes into account, inter alia, the CySEC's Risk Based Supervision Framework (RBS-F).

C. Investment Policy

Investment Firms should disclose the following information in accordance with Article 46 of IFR:

- a) the proportion of voting rights attached to the shares held directly or indirectly by the investment firm, broken down by Member State and sector;
- b) a complete description of voting behaviour in the general meetings of companies the shares of which are held in accordance with paragraph 2 of Article 46, an explanation of the votes, and the ratio of proposals put forward by the administrative or management body of the company which the investment firm has approved; and
- c) an explanation of the use of proxy advisor firms;
- d) the voting guidelines regarding the companies the shares of which are held in accordance with paragraph 2 of Article 46.

CIFs who meet the criteria of Paragraph 26(8)(a) of the Law, whose on-and-off balance sheet assets on average over the 4 year period are less than €100m are exempted from the disclosure requirement regarding investment policy.

The Company does not meet the condition of Paragraph 26(8)(a) of the Law and it is not required to disclose the requirements regarding investment policy.

D. Environmental, Social and Governance Risks

From 26 December 2022, investment firms shall disclose information on environmental, social and governance risks (ESG risks), including physical risks and transition risks, as defined in the EBA's report referred to in Article 35 of the IFD. The information on ESG shall be disclosed once in the first year and biannually thereafter.

Investment Firms which meet the criteria of Paragraph 26(8)(a) of the Law, and whose average on-and-off balance sheet assets over the 4-year period are less than €100m, are exempted from the disclosure of information on environmental, social and governance risks, including physical risks and transition risks as per Article 35 of IFD.

The Company's average on and off-balance sheet assets for the preceding four-year period are less than €100m and as such it meets the criteria of the paragraph 26(8) of the Law. Therefore, the Company is exempted from the disclosure requirement regarding ESG.

E. Information flow on risk to the management body

Risk information flows up to the Board directly from the business departments and control functions. The Board ensures that it receives on a frequent basis, at least annually written reports regarding Internal Audit, Compliance, Anti-Money Laundering and Terrorist Financing and Risk Management, Risk and Investment Committees (where applicable) and approves the Company's ICAAP report.

Furthermore, the Company believes that the risk governance processes and policies are of utmost importance for its effective and efficient operation. The processes and policies are reviewed and updated on an annual basis or when deemed necessary and are approved by the Board.

F. Board Declaration-Adequacy of the Risk Management arrangements

The Board considers that it has in place adequate systems and controls with regard to the Company's profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, to avoid or minimize loss. The Risk Manager is responsible to prepare a Risk Management report at least annually, which is submitted to the BoD for review and approval.

The members of the BoD are responsible to review the issues identified and see that the senior management take mitigating actions where necessary by taking into account the principle of proportionality.

G. Board Risk Statement

Current risks which the Company continues to focus on include, but are not limited to regulatory changes within the EU and other jurisdictions which the Company operates in and financial market volatility from the impact of geopolitical challenges and ongoing conflicts, such as the Russia-Ukraine war and the Israel-Hamas conflict, alongside efforts to recover from the impact of earlier crises. These conflicts have introduced additional uncertainties and affected certain regional economies. They have led to increased geopolitical tensions and raised concerns about energy security and trade disruptions, causing fluctuations in financial markets and impacting investor confidence in the affected regions. Despite these challenges, many countries have continued to implement measures to support economic recovery, including stimulus packages and infrastructure investments.

The following table sets out a number of key measures used to monitor the Company's risk profile:

Risk Area	Metrics	Comment	Measure as at 31/12/2023 (Amount)
Capital Adequacy	Common Equity Tier1 (CET1) ratio, Tier 1 and Total Own Funds ratio	The Company's objective is to maintain regulatory ratios well above the minimum thresholds set by the IFR/IFD and CySEC. It therefore aims to maintain its capital ratios at least 200 basis points (2%) above the required level based on the IFR transitional provisions (regulator's current limits are 56% for CET1, 75% for Tier1 and 100% for Total Own Funds ratio).	CET1 ratio: 0.74 Tier 1 ratio: 0.74 Total Own Funds ratio: 0.74
Liquidity	Liquid Assets	The Company aims to keep its Liquid assets at least 10% above the required level (regulator's current limit is set to 1/3 (or 33%) of fixed overheads requirement).	Liquidity Requirements or Liquid Assets as percentage of minimum requirement: 0.35925

Table 5: Key measures used to monitor the Company's risk profile.

IV. Own Funds

Own Funds (also referred to as capital resources) is the type and level of regulatory capital that must be held to enable the Company to absorb losses. Own funds consist of the sum of Common Equity Tier 1 capital, Additional Tier 1 Capital and Tier 2 Capital and the Company is required to hold own funds in sufficient quantity and quality in accordance with IFR which sets out the characteristics and conditions for own funds.

During the year under review, the Company complied fully with its initial capital requirement (i.e. €75,000) and fulfilled its obligations by successfully submitting, on annual basis, the IFR/IFD Forms.

Tier 1 & Tier 2 Regulatory Capital

Investment Firms shall disclose information relating to their own funds. Furthermore, Investment Firms shall disclose a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the Investment Firm. In this respect, the Company's Tier 1 capital is wholly comprised of Common Equity Tier 1 Capital and other reserves.

At 31st of December 2023 the Capital base of the Company was as indicated in the Tables of Appendix 1.

Under the Law, Own Funds consists mainly of paid-up share capital, retained earnings less any proposed dividends, translation differences, investor compensation fund and un-audited current year losses. Current year profits are not added to own funds unless these are audited.

A. Own Funds requirements

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

Based on the Company's classification, annual Capital Adequacy Reports will be prepared and submitted to the CySEC. The Capital Adequacy Reports will be prepared on a solo basis and the reporting currency is Euro.

It should be noted that the Company does not have any material Crypto-asset holdings and the risks emanating from trading in crypto assets, and/or in financial instruments relating to crypto assets for its clients is immaterial. Therefore, no information is included in this report on:

- the exposure amounts of different crypto-asset exposures,
- the capital requirement for such exposures and
- the accounting treatment of such exposures.

At 31st of December 2023 the composition of the Company's Capital base and its capital ratios were as follows:

Item	€000
Own Funds	
Common Equity Tier 1 Capital	55.25
Additional Tier 1 Capital	-

Tier 1 Capital	55.25
Tier 2 Capital	-
Own Funds requirements	-
Permanent minimum capital requirement	75
Fixed overhead requirement	1.08
Total own funds requirement	75
Transitional requirement	-
Total own funds requirement (including transitional requirement)	75

According to the Regulation and the Law, the minimum CET1, Tier 1 and Own Funds ratios of the Company should be 56%, 75% and 100% respectively. As at 31 December, 2023, the Company's ratios are presented below and they are higher than the minimum requirements.

Capital Ratios	Amount
CET 1 Ratio	0.74
Tier 1 Ratio	0.74
Own Funds Ratio	0.74

The Company is classified as Class 3 and is therefore required to calculate its Own Funds requirements as the highest of:

- a) its Permanent Minimum Capital (PMC)
- b) Fixed Overheads Requirements (FOR)

where the permanent minimum capital (PMC) of the Company is €75,000 and a summary of the Company's K-Factor and Fixed overheads requirements is provided in the following sections.

B. Fixed Overheads Requirement

The fixed overheads requirement shall amount to at least one quarter of the fixed overheads of the preceding year. Investment firms shall use figures resulting from the applicable accounting framework and where an investment firm has not been in business for one year from the date on which it started providing investment services or performing investment activities, it shall use the projected fixed overheads included in its projections for the first 12 months' trading.

At 31st of December 2023 the Company's Capital fixed overhead requirement was as follows:

	€000
Fixed Overhead Requirement	1.08
Annual Fixed Overhead of the previous year after distribution on profits	4.311
Total expenses of the previous year after distribution on profits	4.311
Of which: Fixed expenses incurred on behalf of the investment firm by third parties	-

(-) Total deductions	-
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C. Liquidity Requirements

An additional requirement for Investment firms is the Liquidity requirement. According to it the Company must hold an amount of liquid assets equivalent to at least one third of its fixed overhead requirement.

Liquidity risk is the risk that the Company may not have sufficient liquid financial resources to meet its obligations when they fall due or would have to incur excessive costs to do so. The Company's policy is to maintain adequate liquidity and contingent liquidity to meet its liquidity needs under both normal and stressed conditions. To achieve this, the Company monitors and manages its liquidity needs on an ongoing basis. The Company also ensures that it has sufficient cash on demand to meet expected operational expenses. It also monitors the Company's exposures and diversification avoiding high concentration risk. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Currently the Company is not subject to any liquidity risk as it maintains Liquid assets above its Liquidity requirement as indicated in the table below.

	€000
Liquidity Requirement	0.35925
Client guarantees	-
Total liquid assets	-
Unencumbered short-term deposits	-
Total eligible receivables due within 30 days	-
Level 1 assets	-

D. Publication of disclosures

According to the IFR/IFD Framework adopted by CySEC and/or according to Circular C114 issued by CySEC, the risk management disclosures should be included in either the financial statements of the investment firms if these are published, or on their websites. In addition, these disclosures must be verified by the external auditors of the investment firm. The investment firm will be responsible to submit its external auditors' verification report to CySEC. The Company has included its risk management disclosures as per the Directive on its website as it does not publish its financial statements. Verification of these disclosures have been made by the external auditors and sent to CySEC.

Appendix 1

Template EU CC1.02- Composition of regulatory own funds (Small and non-interconnected investment firms)

A/A	Item	Amounts €000	Source based on reference numbers/letters of the balance sheet in the audited financial statements
Common Equity Tier 1 (CET1) Capital: Instruments and reserves			
1	OWN FUNDS	55.25	
2	TIER 1 CAPITAL	55.25	
3	COMMON EQUITY TIER 1 CAPITAL	55.25	
4	Fully paid-up capital instruments	75	
5	Share premium	-	
6	Retained earning		
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER1	-19.95	
12	(-) Losses for the current financial year	-19.946	
13	(-) Goodwill	-	
14	(-) Other intangible assets	-	
15	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	
16	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	
17	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own	-	
18	(-) Other deductions	-	
19	CET1: Other capital elements, deductions and adjustments	-	

20	ADDITIONAL TIER 1 CAPITAL	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	TIER 2 CAPITAL	-	
26	Fully paid-up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTION FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

Template EU IF CC2-Own Funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

		Balance sheet as in published/audited financial statements	Cross reference to EU IF CC1
		As at period end	
Assets -Breakdown by assets classes according to the balance sheet in the published/audited financial statements			
1	Non-Current Assets	2,828	
2	Current Assets	57,230	
	Total Assets	60,058	
Liabilities -Breakdown by liability classes according to the balance sheet in the publishes/audited financial statements			
1	Non-Current Liabilities	0	
2	Current Liabilities	47,972	
	Total Liabilities	47,972	
Shareholder's Equity			
1	Share Capital	75,000	
2	Share Premium	-	
3	Retained Earnings	-62,914	
4	Other Reserves	-	
	Total Shareholder's equity	12,086	
	Total Liabilities and Equity	60,058	

Template EU IF CCA-Own funds: main features of own instruments issued by the Company

		Common Equity Tier 1	Additional Tier 1	Tier 2
1	Issuer	SC WorkWealth Management Ltd (CIF 439/23)	n/a	n/a
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	n/a	n/a	n/a
3	Public or private placement	n/a	n/a	n/a
4	Governing law(s) of the instrument	The Companies Law (Cap. 113)	n/a	n/a
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	n/a	n/a
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	€75,000	n/a	n/a
7	Nominal amount of instrument	€75,000	n/a	n/a
8	Issue price	€1	n/a	n/a
9	Redemption price	n/a	n/a	n/a
10	Accounting classification	Shareholder's Equity	n/a	n/a
11	Original date of issuance	20 June 2023	n/a	n/a
12	Perpetual or dated	Perpetual	n/a	n/a
13	Original maturity date	No maturity	n/a	n/a
14	Issuer call subject to prior supervisory approval	No	n/a	n/a
15	Optional call date, contingent call dates and redemption amount	n/a	n/a	n/a
16	Subsequent call dates, if applicable	n/a	n/a	n/a
	<i>Coupons / dividends</i>	Floating	n/a	n/a
17	Fixed or floating dividend/coupon	Floating	n/a	n/a
18	Coupon rate and any related index	n/a	n/a	n/a
19	Existence of a dividend stopper	No	n/a	n/a
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	n/a	n/a	n/a
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	n/a	n/a	n/a
22	Existence of step up or other incentive to redeem	No	n/a	n/a

23	Non-cumulative or cumulative	Non-cumulative	n/a	n/a
24	Convertible or non-convertible	Non-convertible	n/a	n/a
25	If convertible, conversion trigger(s)	n/a	n/a	n/a
26	If convertible, fully or partially	n/a	n/a	n/a
27	If convertible, conversion rate	n/a	n/a	n/a
28	If convertible, mandatory or optional conversion	n/a	n/a	n/a
29	If convertible, specify instrument type convertible into	n/a	n/a	n/a
30	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a
31	Write-down features	No	n/a	n/a
32	If write-down, write-down trigger(s)	n/a	n/a	n/a
33	If write-down, full or partial	n/a	n/a	n/a
34	If write-down, permanent or temporary	n/a	n/a	n/a
35	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a
36	Non-compliant transitioned features	n/a	n/a	n/a
37	If yes, specify non-compliant features	n/a	n/a	n/a
38	Link to the full term and conditions of the instrument (signposting)	n/a	n/a	n/a