

INVESTMENT FIRMS REGULATION (IFR)

DISCLOSURES *

FOR THE YEAR ENDED 31ST DECEMBER 2021

Prepared: 11th May 2022

** Part Six of Regulation (EU) 2019/2033 of the European Parliament and of the Council on the prudential requirements of investment firms.*

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1. INTRODUCTION

The Investment Firms Directive (EU) 2019/2034 (“IFD”) and the Investment Firm Regulation, Regulation (EU) 2019/2033 (“IFR”) has entered into force on the 26th July 2021, introducing a new prudential regime (“IFR/IFD framework”) for investment firms which is more closely aligned to their activities, systemic importance, size and interconnectedness.

This IFR Disclosures Report has been prepared in accordance with the IFR and the IFD as well as the relevant provisions of Law 165(I)/2021 “The Prudential Supervisions for Investment Firms Law of 2021” and Law 164(I)/2021, amending Law 97(I)/2021, “The Capital Adequacy Investment Firms Law of 2021” which together establish the prudential requirements in terms of own funds, level of minimum capital, concentration risk, liquidity requirements and level of activity with respect to investment firms.

This IFR Disclosures Report is prepared on an individual (solo) basis in accordance with the disclosure requirements as laid out in Part Six of the IFR. The Company is required to make disclosures regarding its:

Risk management objectives and policies (Article 47)	Remuneration policy and practices (Article 51)
Governance (Article 48)	Investment policy (Article 52)
Own funds (Article 49)	Environmental, social and governance risks (Article 53 - shall come in force from the 26 th December 2022)
Own funds requirements (Article 50)	

The specific provisions on disclosure requirements are described in Articles 47 to 53 of the IFR.

The Company's activities expose it to a variety of risks, and in particular to credit risk, market risk, operational risk, regulatory risk, reputational risk, strategic risk, liquidity risk, conduct risk, IT risk, business risk, legal and compliance risk.. The Company, through its operations, has significant exposure to the economies and financial markets.

The Board of Directors has the ultimate and overall responsibility for the Company and defines, oversees and is accountable for the implementation of the governance arrangements as well as 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.

2. SCOPE OF APPLICATION

The Company has been classified as a Class 2 Investment Firm and as such it should maintain own funds of at least the higher between:

a) Permanent minimum capital requirement

The permanent minimum capital requirement of the Company is €750.000 as a result of the investment services it is authorized to provide.

b) Fixed overhead requirements

The Fixed Overheads Requirement is calculated as one quarter (¼) of the previous year's audited fixed expenses adjusted for certain deductions.

c) K-Factors requirement

The sum of the Company's K-Factors with respect of Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF').

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(i) Materiality of Disclosures

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 the purpose of making economic decisions. Where the Company has considered a disclosure to be immaterial, this was not included in the document.

(ii) Frequency

The Company's policy is to publish the IFR Disclosures Report on an annual basis. The frequency of disclosure will be reviewed should there be a material change in approach used for the calculation of capital, business structure or regulatory requirements.

(iii) Medium and location of publication

The Company's IFR Disclosures Report is published on the Company's websites www.just2trade.online and www.j2t.com.

(iv) Verification

The Company's IFR Disclosures Report is subject to internal review and validation prior to being submitted to the Board for approval. This IFR Disclosures Report has been reviewed and approved by the Company's Board of Directors.

In addition, these disclosures are verified by the external auditors of the Company. The Company is responsible to submit its external auditors' verification report to CySEC.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

(i) Declaration regarding the adequacy of the Company's Risk Management arrangements

The Board of Directors of JUST2TRADE ONLINE LTD (the "Company" or the "Firm") approves in full the adequacy of Risk Management arrangements of the Company providing assurance that the risk management systems in place are adequate with regards to the Company's profile and strategy.

(ii) Risk Strategy

The risk strategy of the Company is the responsibility of the Board, which formulates it and is responsible for monitoring its implementation. This is achieved through the development of risk management processes and procedures as well as through an assessment of the risks undertaken and the effectiveness of the risk management framework, given the Company's business model. One important characteristic of the Company's risk strategy is the alignment with the strategic and operational targets that are set by the Board.

The risks that arise from the implementation of the Company's strategic and business plans are regularly analyzed in order to ensure the adequacy of the relevant policies, procedures and systems. The risk strategy of the Company aims to provide to both Senior Management and employees a general risk framework for the management of the different types of risk in line with the overall risk management and risk bearing capacity of the Company. The Company recognizes the importance of risk management to its business' success and therefore the overall objective is to establish effective risk management policies that are able to mitigate the Company's exposure to the various risks.

(iii) Strategies and Processes to Manage Risks

The Company is required to establish and maintain an effective and continuous risk management function. Risk Management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor and control the probability and/or impact of unfortunate events. Risks can come from uncertainty in financial markets, project failures, legal liabilities, credit risk, accidents, natural

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causes and disasters as well as deliberate attacks from an adversary.

The risk management process is scalable to ensure that the level, type, and visibility of risk management are commensurate with both the risk and the importance of the Company's major activities.

- a) **Risk Identification** – The process of determining risks.
- b) **Categorize Risks** – The Risk Assessment groups the risks into categories. The Company will create additional categories, as required.
- c) **Risk Impact Assessment** - For each risk identified, it should be assessed terms of likelihood of occurrence and its effect on Company objectives if the risk event occurs. This information is used to prioritize the risk using established threshold criteria.
- d) **Prioritize Risks** - Risks that meet the threshold criteria will be recorded in the Risk Response Plan.
- e) **Risk Response Planning** – this includes:
 - For each risk, to determine the options and actions to reduce the likelihood or consequences of impact to the Company's objectives;
 - To describe the actions to be taken to mitigate the risk;
 - To describe the actions to be taken when the risk event occurs (contingency plan);
 - To assign responsibilities for each agreed upon response.
- f) **Risk Response Tracking** – this includes:
 - To document the dates and the procedures taken to mitigate the risk;
 - To document the actions taken when the risk event occurred (contingency plan);
 - To document any subsequent actions taken.
- g) **Monitoring Risk** – this includes:
 - To assess currently defined risks;
 - To value effectiveness of actions taken;
 - To status of actions to be taken;
 - To validate previous risk assessment (likelihood and impact);
 - To validate previous assumptions;
 - To identify new risks.
- h) **Risk Control** – this includes:
 - To validate mitigation strategies and alternatives;
 - Take corrective action when actual events occur;
 - To assess impact on the Company of actions taken (money, time, and resources);
 - To ensure change control addresses risks associated with the proposed change.

The Risk Management function is undertaken by the Risk Manager, who reports directly to the Board of Directors and closely cooperates with the Managing Directors in the course of monitoring the effectiveness of procedures. The Board of Directors approves and periodically reviews the strategies and policies for taking up, managing, monitoring and mitigating the risks the Company is or might be exposed to, including those posed by the macroeconomic environment in which it operates in relation to the status of the business cycle.

The Board of Directors devotes sufficient time to consideration of risk issues. The Board of Directors is actively involved in and ensures that adequate resources are allocated to the management of all material risks addressed as well as in the valuation of assets, the use of external credit ratings and internal models relating to those risks. The Company has established reporting lines to the Board of Directors that cover all material risks and risk management policies and changes thereof. The Risk Management Committee advises the Board of Directors on the Company's overall current and future risk appetite and strategy and assists the Board of Directors in overseeing the implementation of that strategy by Senior Management.

The Board of Directors retains overall responsibility for risks. The Company ensures that the Board of Directors and the Risk Management Committee have adequate access to information on the risk profile of the Company.

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The risk management function ensures that all material risks are identified, measured and properly reported. The Company ensures that the risk management function is actively involved in elaborating the Company's risk strategy and in all material risk management decisions and that it can deliver a complete view of the whole range of risks of the institution.

The risk management function reports directly to the Board of Directors, is independent from Senior Management, and can raise concerns and warn that body, where appropriate, where specific risk developments affect or may affect the Company, without prejudice to the responsibilities of the Board of Directors.

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

- a) **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 organisational risk appetite and are fully compliant with Company's policies and where appropriate defined thresholds. The first line of defense acts as an early warning mechanism for identifying (or remedying) risks or failures.
- b) **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 its 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 the first line of defense is identifying risk areas, detecting situations/activities, in need of monitoring and developing policies to formalise risk assessment, mitigation and monitoring.
- c) **Third Line of Defense:** Comprises of 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.

(iv) Risk Appetite and Risk Culture

The Company's risk appetite framework enables 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 risk appetite framework.

The risk appetite framework considers material risks to the Company, as well as to the Company's reputation vis-à-vis policyholders, depositors, investors and customers. The risk appetite framework aligns with the Company's strategy. The Company has a low risk appetite in respect to investing and to managing business and operational activities. The risk appetite framework has been designed to create links to the strategic long term plan, capital planning and the Company's risk management framework. The Board approves the Company's corporate strategy, business plans, budget, long term plan and ICARA.

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 behavior is a key component of the strong risk culture and its importance is also continuously emphasized by the management. The Company is committed to embedding a strong risk culture throughout the business where everyone understands the risks they personally manage and are empowered and qualified to take accountability for them. The Company embraces a culture where each of the business areas are encouraged to take risk-based decisions, while knowing when to escalate or seek advice.

4. CORPORATE GOVERNANCE

The Company's systems of risk management and internal control include risk assessment, management or mitigation of risks, including the use of control processes, information and communication systems and processes for monitoring and reviewing their continuing effectiveness.

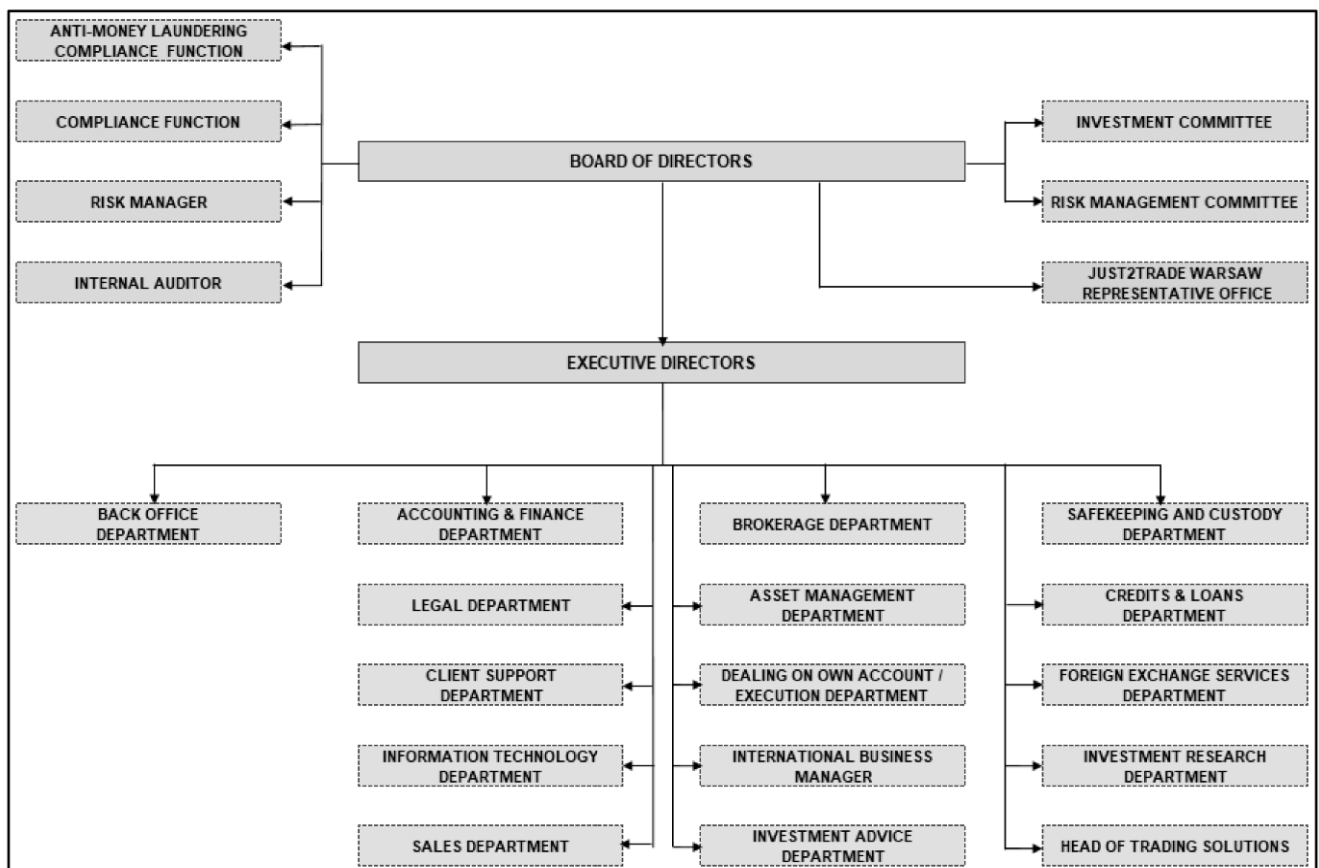
The risk management and internal control systems are embedded in the operations of the Company and are capable of responding quickly to evolving business risks, whether they arise from factors within the Company or from changes in the business environment.

(i) Organisational Structure

The Company's Internal Operations Manual lays down the activities, processes, duties and responsibilities of the Board, Committees, Senior Management and staff constituting the Company.

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

The Company's organizational structure is presented below:



The Organisational Structure incorporates the various organisational and functional reporting lines, as well as the different roles and responsibilities therein, while it also facilitates the compliance of the Company with the principle of segregation of duties and helps in the avoidance and control of possible conflicts of interest situations within the Company.

(ii) Board of Directors

The Board comprises of two executive directors and four non- executive directors. The Board is responsible for ensuring that the Company complies at all times with its obligations under the Law. In doing so, the Board approves and periodically reviews the effectiveness of the policies, arrangements and procedures put in place, whilst if needed, takes appropriate measures to address any deficiencies.

The Company has in place the Internal Operations Manual which lays down the activities, processes, duties and responsibilities of the Board, Committees, Senior Management and staff of the Company. It also implements and maintains adequate risk management policies and procedures which identify the risks relating to the Company's activities, processes and systems, and where appropriate, sets the level of risk tolerated by the Company. The Company adopts effective arrangements, processes and systems, in light of that level of risk tolerance, where applicable.

The Board has the overall responsibility for the establishment and oversight of the Company's Risk Management Framework. The Board satisfies itself that financial controls and systems of risk management are robust.

(a) Number of Directorships held by members of the Management Body

The management body of the Company is the Board of Directors. All members of the Board commit sufficient time to perform their functions in the Company. The number of directorships which may be held by a member of the Board at the same time shall take into account individual circumstances and the nature, scale and complexity of the Company's activities.

The table below discloses the number of directorships held by members of the management body as at 31st December 2021.

Full Name	Management Position in the Company	Other Directorships
Ajay Kumar Singh Dipak	Executive Director	2
Georgios Argytakis	Executive Director	-
Sotiroulla Hadjikyriakou	Non-Executive Independent Director	-
Constantinos Zackheos	Non-Executive Independent Director	1
Sotirios Pittas	Non-Executive Director	33

(b) Recruitment Policy for the members of the Board of Directors

The Company follows a predetermined procedure for the appointment of the members of the Senior Management and the Board of Directors. Recruitment into the Board combines an assessment of both technical capability and competency skills referenced against the Company's leadership framework.

Members of the Board shall possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board shall reflect an adequately broad range of experiences to be able to understand the Company's activities, including the principal risks faced by the Company as well as sufficient knowledge, of the legal framework governing the operations an investment firm.

Specifically, when considering the appointment of the members of the Board and Senior Management, special attention shall be given to the following:

- Essential qualifications, business administration skills, education and experience so as to ensure the sound and prudent management of the Company, and diversity in order to conduct effectively and efficiently all their duties and responsibilities;
- Strong interpersonal and managerial skills including time management and leadership skills;
- Extensive knowledge in financial markets and financial advisory, experience and knowledge in the financial services industry, risk management knowledge and experience with local and international financial matters;

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- Thorough knowledge of the legal framework governing the operations of a Cyprus investment firm, including the investment services and activities which are regulated by the Cyprus Investment Firms Law;
- Clean criminal record certificate from the competent authorities of the country of residence of the person for the last five years, attesting that the person has no criminal records;
- Excellent command of the Greek or/and English languages. Particularly, when considering the appointment of a member of the Board, special attention shall be given to the potential member's skills review which aims to assess the specific experience and skills needed to ensure the optimum blend of the potential individual and the aggregate capability having regard to the Company's long term strategic plan.

(c) Diversity policy of the Board

Diversity is an integral part of how the Company does business and the Company recognizes the value of a diverse and skilled workforce and management body, which includes and makes use of differences in the age, skills, experience, background, race and gender between them. A balance of these differences is considered when determining the optimum composition.

The Company is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organization into the future. This is also documented as best practices in the Corporate Governance Code of many EU countries. The Company believes that the diversity of the Board enhances decision-making capability and that a diverse Board is more effective in dealing with organisational changes. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, gender, race and other distinctions between members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. The Company believes that the Board should be characterized by a broad range of views arising from different experiences.

For the purpose of this policy, the Company considers that the concept of diversity incorporates a number of different aspects, therefore all Board appointments are made on merit, in the context of the skills, experience, knowledge, business perspectives, industry or related experience, independence, gender, age, cultural, educational background and more general experience which the Board as a whole requires in order to be effective.

(d) Skills and Experience

The Board possess a balance of skills appropriate for the requirements of the business of the Company, in order for the Company to benefit from its directors' experience in a range of activities including varied industries, education, government, investment and the professions.

(e) Independence

The Board includes a combination of Executive and Non-Executive Directors so that there is a strong element of independence in the Board. The Independent Non-Executive Directors shall be of sufficient calibre and stature for their views to carry weight. Each member of the Board must act with independence of mind to properly assess and challenge the decisions of the Senior Management where necessary and to effectively oversee and monitor management decision-making.

(f) Gender

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, race, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

(g) Information flow on risk to the Board of Directors

In line with the requirements set out in the Cyprus Investment Firms Law and subsequent Directives, the Company has been able to maintain a good information flow to the Management body.

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Key reporting to the Management body consists of:

Report Name	Owner	Recipient	Frequency
Compliance Report	Compliance Officer	BoD, CySEC	Annual
Internal Audit Report	Internal Auditor	BoD, CySEC	Annual
Risk Management Report	Risk Manager	BoD, CySEC	Annual
IFR/IFD Disclosures	Risk Manager	BoD, CySEC, Public	Annual
Audited Financial Reporting	External Auditors	BoD, CySEC	Annual
IFR/IFD - Capital Adequacy	Risk Manager	Senior Management, CySEC	Quarterly
ICARA Report	Risk Manager	BoD, CySEC	Annual
Anti-money laundering (AMLCO) Report	Anti-money laundering Compliance Officer	BoD, CySEC	Annual
Risk Register	Risk Manager	Senior Management	Annual
Form 20-01 (Recovery Plan)	Risk Manager	BoD, CySEC	Every Two Years
Resolution Templates (XBRL)	Risk Manager	Senior Management, Central Bank	Annual

(iii) Risk Manager

The Company has appointed a Risk Manager to ensure that all the different types of risks taken by the Company are in compliance with the Law and the obligations of the Company under the Law, and that all necessary procedures, relating to risk management are in place and are functional on an operational level from a day-to-day basis. The Risk Manager reports directly to the Senior Management of the Company.

(iv) Investment Committee

An Investment Committee has been formed to ensure the implementation of a prudent investment policy and the monitoring of the provision of adequate investment services to Clients. The Investment Committee decisions relate to general and overall decisions as far as the investments are concerned. These decisions are notified to the relevant Heads of the Departments of the Company, as necessary, to enable discharging of their duties in an effective manner. As far as investments are concerned and when related to specific investment strategies, these decisions are of a prescribed content.

(v) Risk Management Committee

The Risk Management Committee of the Company is formed with the view to ensure the efficient monitoring of the risks inherent in the provision of the investment and ancillary services to Clients, as well as the overall risks underlying the operations of the Company. To this effect, the Company has adopted and maintains an applied risk management framework/policy, which identifies the risks relating to the Company's activities, processes and systems and sets the risk tolerance levels of the Company.

The Risk Management Committee bears the responsibility to monitor the adequacy and effectiveness of the said risk management framework/policy and procedures that are in place, the level of compliance by the Company and its relevant persons with the policies and procedures adopted, as well as the adequacy and effectiveness of measures taken to address any deficiencies with respect to those policies and procedures that are in place, including failures by the Company's relevant persons to comply with those policies and procedures.

Furthermore, the risk committee advises the management body on the investment firm's overall current and future risk appetite and strategy and assists the management body in overseeing the implementation of that strategy by senior management.

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(vi) Audit Function

The Internal Auditor reports to the Senior Management and the Board of the Company and is separate and independent from the other functions and activities of the Company. The Internal Auditor has access to the Company's premises, systems, information, personnel and financials.

The Board ensures that internal audit issues are considered when presented to it by the Internal Auditor and appropriate actions are taken according to the Board's assessment and prioritization. Moreover, the qualifications of the committee members should entail sufficient academic background, extensive knowledge of and exposure to the capital markets and financial services industry, and high level of knowledge and understanding of the legal framework under which the Company is regulated.

(vii) Compliance Function

Pursuant to the regulatory obligations of the Company and with the view to complement the Internal Governance framework of the Company, the Board has established a compliance function to manage compliance risk. Furthermore, the Board has appointed the Compliance Officer (the "CO") who is to be responsible for this function across the entire investment firm.

More specifically, the CO is responsible to establish, implement and maintain adequate policies and procedures designed to detect any risk of failure by the Company to comply with its obligations, to put in place adequate measures and procedures designed to minimize such risks and to enable the competent authorities to exercise their powers effectively. The compliance function, policies and procedures should also be compliant with Article 22 of Commission Delegated Regulation (EU) 2017/565 and ESMA guidelines on the compliance function.

The Compliance Officer is independent and reports directly to the Senior Management of the Company, having at the same time the necessary authority, resources, expertise and access to all relevant information. The staff within the compliance function possesses sufficient knowledge, skills and experience in relation to compliance and relevant procedures and has access to regular training.

(viii) Anti-Money Laundering Compliance Officer

The Board has appointed 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 reports to the Senior Management and the Board of the Company.

5. 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.

During the year under review, the primary objective of the Company with respect to capital management was to ensure that it complied with the imposed capital requirements with respect to its own funds and that the Company maintained healthy capital ratios in order to support its business.

As a Class 2 investment firm under IFR, the Company shall at all times have own funds at least the highest of the following:

- Permanent minimum capital requirement;
- Fixed Overheads Requirements;
- K-Factors Requirement;

The Company throughout the year under review managed its capital structure and made adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities.

(i) Tier 1 & Tier 2 Regulatory Capital

The Company discloses information relating to its own funds including a description of the main features of the Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1) instruments and Tier 2 (T2) instruments issued by the institution. The Company's regulatory capital comprises fully of CET1 capital while it has not issued any AT1 or T2 capital.

The composition of the capital base and capital ratios of the Company are shown in the following table:

Own Funds Composition	31.12.2021 €'000
CET 1 capital before regulatory adjustments	
Capital instruments and the related share premium accounts	2.550
Advances from Shareholders	-
Retained earnings	2.362
CET 1 capital: regulatory adjustments	
Additional deductions of CET1 Capital *	(82)
CET 1 capital	4.830
AT 1 capital	-
Tier 1 capital (T1 = CET1 + AT1)	4.830
Tier 2 (T2) capital	-
Total capital	4.830

*According to the Circular C334, the Company deducts the additional Cash Buffer of 0.3% of eligible funds and financial instruments of their clients as at the previous year calculated according to paragraph 11(6) of the Directive DI87-07 (operation of the ICF).

(ii) Main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments

Capital Instruments	CET 1
Issuer	Just2Trade Online Ltd
Regulatory Treatment	
Eligible at Solo/(sub-)consolidated/solo	Solo
Instrument type	Common Equity
Amount recognized in regulatory capital	€2.550.000
Nominal amount of instrument	€1.00 each
Number of common shares issued	2.550.000
Accounting classification	Shareholders' Equity
Coupons / Dividends	
Fixed or floating dividend/coupon	Dividend (floating)
Coupon rate and any related index	N/A

(iii) Balance Sheet Reconciliation

Reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions and the balance sheet in the audited financial statements:

	31.12.2021 € '000
Equity	
Share capital	2.550
Retained earnings	2.362
Total Equity as per the Audited Financial Statements	4.912
Regulatory Deductions	
Additional deductions of CET1 Capital	(82)
Other Intangibles Assets	-
Total Regulatory Deductions	(82)
Total Eligible Own Funds	4.830

6. OWN FUNDS REQUIREMENTS

As a Class 2 investment firm under IFR, the Company shall at all times have own funds at least the highest of the following:

- Permanent minimum capital requirement;
- Fixed Overhead Requirements;
- K-Factors Requirement;

(i) Permanent minimum capital requirement

The Permanent minimum capital requirement of the Company is Euro 750.000 since it provides the investment activities listed in points (3) of Part I of Annex I to the Investment Services and Activities and Regulated Markets Law.

(ii) Fixed Overheads requirement

The fixed overheads requirement (FOR) is calculated as one quarter (1/4) of the fixed overheads of the preceding year (or business plan where the audited financial statements are not available) in accordance with the provisions of Article 13 of IFR.

The Company's fixed overheads requirement based on the previous year's audited financial statements is as per the table below:

	31.12.2021 € '000
Total Expenses	12.524
Variable Expenses	(4.277)
Annual Fixed Overheads	8.247
Fixed Overheads requirement	2.062

(iii) K-Factors Requirement

The K-factor requirement is the sum of Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF').

(a) Risk to Client

Risk to Client captures the risk that may be inflicted onto the clients. RtC exists in the activities/services of the firm which are related to the client and are measured as a percentage of Clients Money Held (CMH), Assets Under Management (AUM), Assets Safeguarded & Administered (ASA) and Clients' Orders Handled (COH).

▪ Clients' Money Held (K-CMH)

K-CMH captures the risk of potential for harm where an investment firm holds the money of its clients, taking into account whether they are on its own balance sheet or in third-party accounts and arrangements under applicable national law provided that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm. CMH is the amount of client money that an investment firm holds or controls. It excludes client money that is deposited on a (custodian) bank account in the name of the client itself, where the investment firm has access to these client funds via a third-party mandate (either on segregated or non-segregated basis).

The table below shows the total CMH values for the last 3 months (rolling average) for the year ended 31st December 2021:

	December 2021 €'000	November 2021 €'000	October 2021 €'000
Segregated (average amounts)	17,531	16,984	15,443
Non-Segregated (average amounts)	-	-	-

▪ Assets Safeguarded and Administered (K-ASA)

K-ASA captures the risk of safeguarding and administering client assets, and ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts. It ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts.

The table below shows the total ASA values for the last 3 months (rolling average) for the year ended 31st December 2021:

	December 2021 €'000	November 2021 €'000	October 2021 €'000
Assets Safeguarded and Administered (average amounts)	513,005	478,265	450,772

▪ Clients' Orders Handled (K-COH)

K-COH captures the potential risk to clients of an investment firm which executes orders (in the name of the client, and not in the name of the investment firm itself), for example as part of execution-only services to clients or when an investment firm is part of a chain for client orders. COH captures the potential risk to clients of an investment firm which executes its orders (in the name of the client). COH shall be the rolling average of the value of the total client orders handled, measured throughout each business day for the previous 6 months.

The table below shows the total COH values for the last 3 months (rolling average) for the year ended 31st December 2021:

	December 2021 €'000	November 2021 €'000	October 2021 €'000

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Cash trades	6	11	29
Derivative Trades	-	-	-

(b) Risk to Market

Risk to Market captures the risk an investment firm can pose to market access. The K-factor for RtM is based on the rules for market risks, for position in financial instruments in foreign exchange and in commodities.

▪ K-NPR: Net Position Risk

As a Class 2 investment firm, the Company must calculate its K-NPR requirement by reference to trading book positions and positions other than trading book positions where the positions give rise to foreign exchange risk or commodity risk. The K-NPR requirement is calculated in accordance with Title IV of Part Three of the CRR.

	K - factor requirement
Total standardised approach	408
Position risk	-
Foreign exchange risk	408
Commodities risk	-

(i) Foreign Exchange Risk

Foreign exchange risk is the effect that unanticipated exchange rate changes have on the Company. In the ordinary course of business, the Company is exposed to foreign exchange risk, which is monitored through various control mechanisms. The foreign exchange risk in the Company is effectively managed by setting and controlling foreign exchange risk limits, such as through the establishment of a maximum value of exposure to a particular currency pair as well as through the utilization of sensitivity analysis.

The below table presents the Company's exposure to Foreign Exchange Risk as at 31st December 2021:

	ALL POSITIONS		NET POSITIONS		POSITIONS SUBJECT TO CAPITAL CHARGE		OWN FUNDS REQUIREMENTS	TOTAL RISK EXPOSURE AMOUNT
	LONG	SHORT	LONG	SHORT	LONG	SHORT		
TOTAL POSITIONS	20,193	15,411	5,097	83	5,097	-	408	5,097
Currencies closely correlated	3,091	3,324		-	-	-	-	
All other currencies	17,102	12,087	5,097	83	5,097	-	408	

(ii) Commodities Risk

Commodities Risk is the risk of the unexpected changes in commodities prices. These commodities are split into precious metals (except gold), base metals, agricultural products and other energy products (oil, gas). The Company calculates its capital requirement with respect to commodities risk using the Simplified Approach. Each position in commodities or commodity derivatives is expressed in terms of the standard unit of measurement. The spot price in each commodity is expressed in the reporting currency. The Company did not have any open positions in commodities for the year ended 31st December 2021. As such, risks resulting from price fluctuations on commodity securities are zero.

(iii) Position Risk

Position Risk is the risk involved with a certain trading position, commonly incurred due to the changes in price of the debt and equity instruments. The Company calculates its capital requirements for position risk as the sum of the own funds requirements for the general and specific risk of its positions in debt and equity instruments. The sum of the absolute values of all of the Company's net long positions and all its net short positions is its overall gross position. The Company calculates, separately for each market, the difference between the sum of the net long and the net short positions. The sum of the absolute values of those differences is its overall net position. The specific risk on this individual equity can be ignored if the stock-index future in question is exchange traded and represents a relevant

appropriately diversified index. As at 31st December 2021, the Company did not have any open positions in debt or equity instruments. As such, risks resulting from price fluctuations on debt and equity instruments are zero.

(c) Risk to Firm

The Risk to Firm captures the risk that could be inflicted on the Company. The K-factors under RtF capture an investment firm's exposure to its trading counterparties, the concentration risk in an investment firm's large exposures and the operational risk from an investment firm's daily trading flow. The Company is required to calculate the following K-Factors requirements as part of the RtF:

▪ **Trading Counterparty Default (K-TCD)**

K-TCD captures the risk to an investment firm by counterparties to over-the-counter (OTC) derivatives, repurchase transactions, securities and commodities lending or borrowing transactions, long settlement transactions, margin lending transactions, or any other securities financing transactions, as well as by recipients of loans granted by the investment firm on an ancillary basis as part of an investment service that fails to fulfil their obligations, by multiplying the value of the exposures, based on replacement cost and an add-on for potential future exposure, accounting for the mitigating effects of effective netting and the exchange of collateral. Calculation is based on the CRR counterparty credit risk refers to exposure value, credit valuation, replacement cost, potential future exposure and collateral.

As at 31st December 2021, the Trading Counterparty Default risk of the Company was zero.

▪ **Concentration Risk on Large Exposures (K-CON)**

K-CON captures concentration risk in relation to individual or highly connected private sector counterparties with whom firms have exposures above 25% of their own funds, or specific alternative thresholds in relation to credit institutions or other investment firms, by imposing a capital add-on in line with CRR for excess exposures above those limits.

All investment firms should monitor and control their concentration risk. However only investment firms which are subject to a minimum own funds requirement under the K-Factors should report the concentration risk. Where the client is a credit institution or an investment firm, the limit to concentration will be the higher of 25% of the investment firm's capital or €150m. If the amount of €150m is higher than 25% of the firm's own funds, the limit to concentration should not exceed 100% of the firm's capital. Where a firm exceeds these limits, it will be required to hold additional own fund requirement based on the excess over the limit multiplied by a factor between 200% and 900%, depending on the size of the excess as per Table 6 of Article 39 of IFR.

As at 31st December 2021, the Concentration Risk on large exposures was zero.

▪ **Daily Trading Flow (K-DTF)**

Daily Trading Flow captures the operational risks to an investment firm in large volumes of trades concluded for its own account or for clients in its own name in one day which could result from inadequate or failed internal processes, people and systems or from external events, based on the notional value of daily trades, adjusted for the time to maturity of interest rate derivatives in order to limit increases in own funds requirements, in particular for short-term contracts where perceived operational risks are lower.

DTF means the daily value of transactions that an investment firm enters through dealing on own account or the execution of orders on behalf of clients in its own name, excluding the value of orders that an investment firm handles for clients which are already taken into account in the scope of client orders handled. DTF shall be calculated as the rolling average of the value of the total daily trading flow, measured throughout each business day for the previous 9 months, excluding 3 recent months.

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The table below shows the total DTF values for the last 3 months (rolling average) for the year ended 31st December 2021:

	December 2021 €'000	November 2021 €'000	October 2021 €'000
Cash trades (average amounts)	144,267	148,391	159,146
Derivative trades (average amounts)	329,694	352,460	408,075

K-Factors Requirement Results

As at 31st December 2021, the Company's K-Factors Requirement are presented in the table below:

	Factor amount €'000	K-factor requirement €'000
Risk to client		275
Assets under management	103	0
Client money held - Segregated	17,531	70
Client money held - Non - segregated	-	-
Assets safeguarded and administered	513,005	205
Client orders handled - Cash trades	6	0
Client orders handled - Derivatives Trades	-	-
Risk to market		408
K-Net positions risk requirement		408
Clearing margin given	-	-
Risk to firm		177
Trading counterparty default		-
Daily trading flow - Cash trades	144,267	144
Daily trading flow - Derivative trades	329,694	33
K-Concentration risk requirement		-
TOTAL K-FACTOR REQUIREMENT		860

Own Funds Composition & Capital Ratios

As at 31st December 2021, the Company's Own Funds Composition & Capital Ratios are presented in the table below:

OWN FUNDS COMPOSITION	€' 000
Share Capital	2,550
Share Premium	-
Retained Earnings	2,362
Other Deductions	(82)
CET 1 Capital	4,830
Additional Tier 1	-
T1 Capital	4,830
Tier 2 Capital	-
Own Funds	4,830

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OWN FUNDS REQUIREMENTS	€' 000
Permanent minimum capital requirement	750
Fixed Overheads Requirement	2,062
K-Factors Requirement	860
Own funds Requirement (highest of above)	2,062

CAPITAL RATIOS %	Minimum Requirement %	Actual %	€ '000
CET 1 (min. 56%)	56%	234 %	
Surplus(+)/Deficit(-) of CET 1 Capital			3,675

T1 (min. 75%)	75%	234 %	
Surplus(+)/Deficit(-) of Tier 1 Capital			3,284

Total (min. 100%)	100%	234 %	
Surplus/(Deficit)			2,768

7. CONCENTRATION RISK REQUIREMENTS

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.

Exposure means any asset or off-balance sheet item without applying the risk weights or degrees of risk. Large Exposure means the exposures in the trading book/banking book of an investment firm to a client or a group of connected clients, the value of which exceeds the limits set.

Investment firms that are categorized as Class 2 should continue to monitor and control their concentration risk with regards to their trading book exposures to a client or a group of connected clients in accordance with Part four of IFR.

The Company monitors and controls its concentration risk so as not to exceed the following limits as per Article 37 of IFR:

Institution	Min {up to 100% of eligible capital, Max (25% of eligible capital, €150m)}
Non-institution	25% of eligible capital

Where any trading book exposure exceeds the limits mentioned above, the Company shall calculate additional capital requirement as part of the K-CON requirement. Moreover, harm can arise from more than just a concentrated trading book exposure to a client.

However, there are no limits on the banking book exposures of the Company. The Company is reporting to CySEC on a quarterly basis the level of concentration risk with respect to the credit institutions, investment firms and other entities where clients' money are held and where client securities are deposited while it reports the level of concentration risk with respect to the credit institutions where its own cash is deposited as per Article 54(2) of IFR.

Moreover, the Company shall reports the top five clients from whom the largest amounts of Company's earnings are derived, the top five, if available, largest trading book exposures and largest exposures not recorded in the trading book.

The Company maintains proper accounting controls in order to identify, monitor and control all exposures including clients' balances and the value of the assets held as financial instruments under pledge.

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As at 31st December 2021, the Company did not maintain any trading or banking book exposures and as such its Concentration Risk 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 was zero.

8. LIQUIDITY REQUIREMENT

As a Class 2 investment firm, the Company is required to hold an amount of liquid assets equivalent to at least one third of the fixed overheads requirement. The purpose is to ensure that the investment firms have an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets in cash to meet their liquidity needs for a 30-calendar day liquidity stress scenario.

As of 31st December 2021, the Company has the following liquid assets which is well above the 1/3 of the total fixed overheads requirement:

	€ '000
Unencumbered short term deposits	-
Total eligible receivables due within 30 days	-
Level 1 assets	
Coins and banknotes	13
Credit institution (protected by Member State government, promotional lender) assets	8,069
Level 2A assets	-
Level 2B assets	-
Qualifying CIU shares/units	-
Total other eligible financial instruments	-
Total liquid assets	8,082
Liquidity Requirement	687
Excess Liquidity	7,395

9. OTHER RISKS

(a) Operational Risk

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

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.

Furthermore, the Company has in place policies and processes whose implementation assists with the evaluation and management of any exposures to operational risk.

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;
- A 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;
- Maintenance of Risk Registers in the Context of the ICARA;
- A Business Continuity Plan has been implemented which helps protect all of the Company's information databases including data, records and facilities.

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- Review of risks and controls as part of the Internal Audit function;
- Regular review and updating of the Company's policies;

The following list presents some event-type categories, included in operational risk, with some examples for each category:

Area	Specific Example
Internal Fraud	(a) Misappropriation of assets;
	(b) Tax evasion;
	(c) Intentional mismarking of positions;
	(d) Bribery;
External Fraud	(a) Theft of information;
	(b) Hacking damage;
	(c) Third-party theft;
	(d) Forgery;
Employment Practices and Workplace Safety	(a) Discrimination;
	(b) Workers compensation;
	(c) Employee health;
	(d) Safety;
Clients, Products, & Business Practice	(a) Market manipulation;
	(b) Antitrust;
	(c) Improper trade;
Damage to physical assets	(a) Damage to physical assets from a natural disaster, e.g. earthquake
Business Disruption & Systems Failures	(a) Utility disruptions;
	(b) Software failures;
	(c) Hardware failures.
Execution, Delivery, & Process Management	(a) Data entry errors;
	(b) Accounting errors;
	(c) Failed mandatory reporting;
	(d) Negligent loss of Client assets.

(b) Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments (including currencies) will fluctuate due to changes in the market interest rates. The Company is exposed to interest rate risk in relation to its bank deposits and from the interest charged on the derivative financial instruments that remain open overnight.

The Company monitors interest rate fluctuations and based on the fluctuations of the relevant rates, the necessary hedging activities will be undertaken, as and where applicable.

(c) Reputation Risk

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

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

(d) Strategic Risk

Strategic Risk could occur as a result of adverse business decisions, improper implementation of decisions or

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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

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. Research on economic and market forecasts is 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

Regulatory risk is the risk the Company faces by not complying with relevant Laws and Directives issued by its supervisory body. If materialized, regulatory risk could trigger the effects of reputation and strategic risk. The Company has documented procedures and policies based on the requirements of relevant Laws and Directives issued by the Commission; these can be found in its Internal Operations 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 risks arise from violations of, or non-conformance with, the Law, Directives and Circulars issued thereof, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the Company mainly to financial losses due to imposed fines from the Regulators. Compliance incidents may also lead to diminished reputation, reduced Company value, limited business opportunities, reduced expansion potential, and possible inability to enforce contracts.

The probability of such risks occurring is relatively low due to the detailed internal procedures and policies implemented by the Company and regular reviews by the Internal Auditors. The structure of the Company is such to promote clear coordination of duties and the management consists of individuals of suitable professional experience, ethos and integrity, who have accepted responsibility for setting and achieving the Company's strategic targets and goals. In addition, the Board meets at least annually to discuss such issues and any suggestions to enhance compliance are implemented by management.

(h) IT Risk

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

(i) Conduct 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, EBA 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 willful or negligent misconduct. Consequently, conduct risk arises from failures of designated liquidity providers located in third countries associated with the Company.

Additionally, the Company is exposed to negative balances with its Liquidity Providers, in case of fast-pacing volatile market, where the Liquidity Providers cannot close a position at the Company's stop out limit. Therefore, the Company may be exposed to conduct risk arising from inadequate agreements with the Liquidity Providers and/or with the third parties that hold client's funds.

As part of the risk management policy and tools, the Company has procedures in place to diversify its liquidity providers and monitors their financial position on an on-going basis. The financial soundness of the liquidity

providers is closely monitored and the company is ready to switch to alternative Liquidity Providers, if necessary. In particular, the Company examines its existing procedures and arrangements with respect to the products offered and services provided.

10. INTERNAL CAPITAL ADEQUACY AND RISK ASSESSMENT PROCESS

The purpose of capital is to provide sufficient resources to absorb unexpected losses over and above the ones that are expected in the normal course of business. The Company aims to maintain a minimum risk asset ratio which will ensure there is sufficient capital to support the Company during stressed conditions.

The Company should establish sound, effective and comprehensive arrangements, strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that they consider adequate to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or might be exposed. These arrangements, strategies and processes shall be appropriate and proportionate to the nature, scale and complexity of the activities of the Company and they shall be subject to regular internal review.

In light of the above, the new ICARA report will present the main business background aspects and developments of the Company, a summary of the Company's business economic environment, the Company's financial summary for the previous and upcoming years, the business and strategic goals, organisational structure and the risk management framework, the overall assessment of the material risks as well as a forward looking capital and liquidity planning. The methodologies of K-Factors and Liquidity Stress tests will be incorporated into the ICARA process, as well as the updated risk register which will focus on a harm-pose approach, identifying different potential risk events that may affect the Company's overall capital adequacy position.

11. REMUNERATION

Remuneration system

The overall philosophy of the Company's remuneration policy is to promote sound and effective risk management, as well as a long-term perspective, and to discourage excessive risk-taking by Company's employees and external business partners. In particular, consideration has been given to the business strategy, objectives, values and interests of the Company and those of the customers.

The Company's remuneration system and policy is concerned with practices of the Company for those categories of staff whose professional activities have a material impact on its risk profile, i.e. the Senior Management and members of the Board; the said practices are established to ensure that the rewards for the executive management are linked to the Company's performance, to provide an incentive to achieve the key business aims and deliver an appropriate link between reward and performance whilst ensuring base salary levels are not set at artificially low levels.

The Company uses remuneration as a significant method of attracting and retaining key employees whose talent can contribute to the Company's short and long term success.

The remuneration mechanisms employed are well known management and human resources tools in order to determine the remuneration of each staff member. Moreover, the following factors taken into account for the remunerations or bonus provided to the Company's employees:

- The financial viability of the Company;
- The general financial situation and the state in which the Company operates;
- Each employee's personal objectives (such as personal development, compliance with the Company's systems and controls, compliance with regulatory requirements, commitment and work ethics);
- Each employee's professional conduct with Clients (such as acting in the best interest of the Client, fair treatment of Clients and inducing Client satisfaction), as applicable;
- a stringent governance structure for setting goals and communicating these goals to employees;
- alignment with the Company's business strategy, values, key priorities and long-term goals;
- alignment with the principle of protection of customers; and
- ensuring prevention and management of conflict of interests.

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The Company's remuneration system takes into account the highly competitive sector in which the Company operates, and the considerable amount of resources the Company invests in each member of the staff. The remuneration includes all forms of benefits provided by the Company to its staff and can be financial or non-financial remuneration.

The remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, experience, accountability, and responsibility needed for a staff member to perform each position/role. The remuneration is also set in comparison with standard market practices employed by the other market participants/ competitors. Furthermore, the employee's personal goals and performance evaluation in relation to the objectives set up at the beginning of the period and the employee's professional conduct with clients are taken into account in order to determine the remuneration.

The total remuneration of staff currently consists of a fixed and for some employees may include a variable component. The fixed amount of remuneration includes salary, fixed pay allowance and other cash allowances and all are determined based on the role and position of each employee, taking into account the experience, seniority, education, responsibility, and market conditions.

The variable remuneration is a performance-based remuneration which motivates and rewards staff members based on their results in relation with the targets set in the beginning of the year. This kind of remuneration is not guaranteed and the BoD has determined a maximum percentage of variable remuneration relative to the fixed remuneration in order to ensure a compliant ratio between these two kinds of remuneration.

In addition to the variable remuneration, in some cases a bonus will be provided upon the discretion of the Company's Senior Management and Board of Directors to employees that assume specific ad-hoc tasks beyond the normal daily tasks and presents professionalism and ethical behavior within the working environment. The Bonus is not supported by a specific method of calculation, it is based more on the below factors:

- Each employee's professional conduct with other employees of the Company;
- Each employee's willingness to perform on the job training to more junior members of the team;
- Each employee's willingness to assist other employees in various tasks; and
- Each employee's attendance and punctuality;

The Company has established a remuneration policy which applies to all employees, service providers and affiliates. The purpose of this Policy is to set out the remuneration practices of the Company taking into consideration the salaries and benefits of the staff, in accordance with the provisions of Directive as well as the Circular 031 on remuneration policies and practices, the Circular C138 for Remuneration policies and practices and Circular C145 on Clarifications for Circular C138, where these comply with specific principles in a way and to the extent that is appropriate to the Company's size, internal organization and the nature, scope and complexity of its activities.

Furthermore, the Company's remuneration strategy is designed to reward and motivate the people who are committed to maintaining a long term career with the Company and performing their role in the interests of the Company. 'Remuneration' includes all forms of benefits provided directly or indirectly by the Company to all relevant persons specified below. Such remuneration could be:

- Fixed Remuneration;
- Short term and long term performance based remuneration (variable remuneration);
- Other benefits in kind;

The Company has not benefited from a derogation laid down in Article 32(4) of Directive (EU) 2019/2034.

Remuneration policy

The Company does not meet the criteria set out in point (a) of Article 32(4) of EU Regulation 2019/2034 and as such is required to establish a remuneration committee. The remuneration committee is gender balanced and exercises competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital and liquidity.

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The Company's remuneration policy is designed and approved by the remuneration committee, after taking advice from the compliance function, and implemented by appropriate functions to promote effective corporate governance. The Executive Directors are responsible for the implementation of remuneration policies and practices and for preventing and dealing with any relevant risks, that remuneration policies and practices can create. Furthermore, the Management of the Company is also responsible to ensure that all persons remunerated by the Company have knowledge of and understand this remuneration policy. The Board discusses remuneration policy matters at least annually. The remuneration policy adopts and maintains measures to effectively identify where the relevant persons fails to act in the best interest of the client and/or the Company and to take appropriate remedial action.

The Chair and the members of the remuneration committee are members of the management body who do not perform any executive function in the Company.

Remuneration ratio

In accordance to article 30(2) of EU Regulation 2019/2034, the Company has set appropriate ratios between the variable and the fixed component of the total remuneration taking into account the business activities of the Company and associated risks, as well as the impact that different categories of staff have on the risk profile of the Company. The categories of staff considered include senior management, risk takers, staff engaged in control functions and any employees receiving overall remuneration equal to at least the lowest remuneration received by senior management or risk takers, whose professional activities have a material impact on the risk profile of the Company or of the assets that it manages.

When setting the ratio, the Company has taken into account its business activities, risks and the impact of the staff or categories of staff on the risk profile of the Company as well as the incentives for staff to act in the best interest of the Company and the need to maintain cost flexibility in light of changes of profits and losses over time.

When setting the ratio, the Company has considered that a variable component linked to performance can have a positive effect on 'risk-sharing' and incentivising prudent risk taking behaviour in line with the Company's risk appetite, while a variable component that is inappropriately balanced could, under certain circumstances, have negative effects. The higher the possible variable remuneration compared to the fixed remuneration, the stronger the incentive will be to deliver the needed performance, and the bigger the associated risks may become.

The Company has considered that staff may become accustomed to and expect to receive a considerable variable remuneration. If the fixed component is too low compared to the variable remuneration, the Company may find it difficult to reduce or eliminate variable remuneration in a poor financial year. The maximum ratio is calculated as the sum of all variable components of remuneration that could be awarded as a maximum in a given performance year, including the amount to be taken into account for the retention bonus, divided by the sum of all fixed components of remuneration to be awarded in relation to the same performance year. In any case, all remuneration components are allocated to either variable or fixed remuneration. The Company may omit some of the fixed remuneration components where they are immaterial, e.g. where proportionate non-monetary benefits are awarded.

The maximum ratio of variable to fixed remuneration for staff considered include senior management, risk takers, staff engaged in control functions and any employees receiving overall remuneration equal to at least the lowest remuneration received by senior management or risk takers, whose professional activities have a material impact on the risk profile of the Company has been determined to be 100% in order not to incentivize overly risky behaviour, while for all other staff it has been determined to be 200% given that the risk of undertaking behavior that may harm the interest of the Company and its clients is significantly lower.

Remuneration of Senior Management and members of staff whose actions have a material impact on the risk profile of the Company

	Senior management	Members of staff whose actions have a material impact on the risk profile
Fixed reward	139,632	350,460
Cash	139,632	350,460
Shares	-	-
Share linked instruments	-	-
Other types	-	-
Variable reward	3,160	92,267
Cash	3,160	92,267
Shares	-	-
Share linked instruments	-	-
Other types	-	-
Total	142,792	442,728
Number of beneficiaries	5	5

Variable to fixed remuneration ratio as at 31 December 2021	2%	26%
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	Senior management	Members of staff whose actions have a material impact on the risk profile
Amounts of deferred remuneration awarded for previous performance periods.	-	-
Due to vest in the financial year	-	-
Due to vest in subsequent years	-	-
Amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments.	-	-

	Senior management	Members of staff whose actions have a material impact on the risk profile
The guaranteed variable remuneration awards during the financial year.	-	-
The number of beneficiaries.	-	-

	Senior management	Members of staff whose actions have a material impact on the risk profile
Severance payments awarded in previous periods that have been paid out during the financial year.	-	-

	Senior management	Members of staff whose actions have a material impact on the risk profile
Amounts of severance payments awarded during the financial year.		
Paid upfront	-	-
Deferred	-	-
Number of beneficiaries	-	-
Highest payment that has been awarded to a single person	-	-

Companies are required to disclose the number of natural persons that are remunerated €1m or more per financial year, in pay brackets of €1m, including their job responsibilities, the business area involved and the main elements of salary, bonus, long-term award and pension contribution. Nevertheless, currently there are no natural persons at the Company that are remunerated €1m or more per financial year and as such the above disclosure are not applicable to the Company. No sign-on payments have been awarded during 2021, while no severance payments were paid during the year.

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12. INVESTMENT POLICY

The Company does not hold any shares of companies admitted to trading on a regulated market to which voting rights are attached, where the proportion of voting rights that the Company directly or indirectly holds exceeds the threshold of 5 % of all voting rights attached to the shares issued of the traded/listed company. Voting rights shall be calculated on the basis of all shares to which voting rights are attached, even if the exercise of those voting rights is suspended.

13. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

From 26th December 2022, investment firms which do not meet the criteria referred to Paragraph 26(8)(a) of the Law shall disclose information on environmental, social and governance risks, including physical risks and transition risks as per Article 35 of IFD.

The Company does not meet the condition of Paragraph 26(8)(a) of the Law and as such it is exempted from disclosures regarding ESG.