

WG Wealth Guardian Ltd
353/17

Disclosure and Market Discipline Report

2021

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I. Overview

I.1 CIF Information

Wealth Guardian Ltd (hereafter the “Company”) is regulated by the Cyprus Securities and Exchange Commission (hereafter “CySEC”) and authorised to operate as a Cypriot Investment Firm since 26 January 2018, under the licence number 353/17.

Table 1 – Company Licence Information (based on the Third Appendix of the Law 144(I)/2007, as amended)

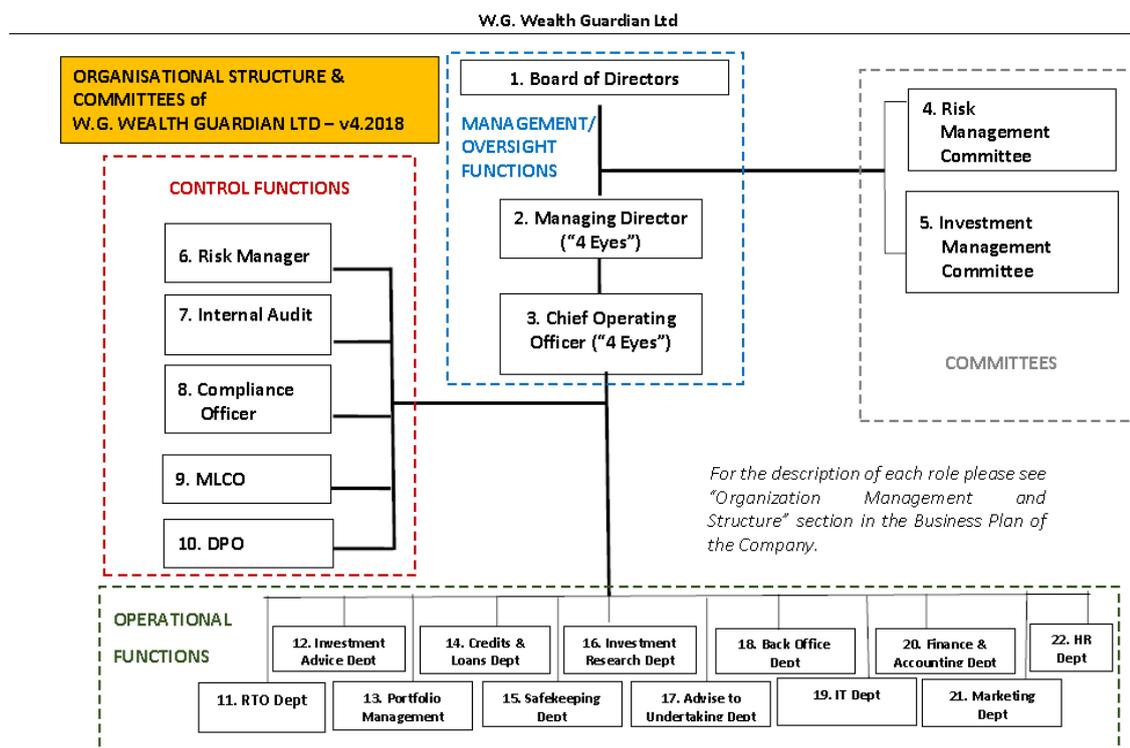
		Investment Services/Activities								Ancillary Services						
		1	2	3	4	5	6	7	8	1	2	3	4	5	6	7
Financial Instruments	1	✓	-	-	✓	✓	-	-	-	✓	✓			✓		
	2	✓	-	-	✓	✓	-	-	-	✓	✓			✓		
	3	✓	-	-	✓	✓	-	-	-	✓	✓			✓		-
	4	✓	-	-	✓	✓	-	-	-	✓	✓			✓		
	5	✓	-	-	✓	✓	-	-	-	✓	✓			✓		-
	6	✓	-	-	✓	✓	-	-	-	✓	✓	-	✓	✓	✓	-
	7	✓	-	-	✓	✓	-	-	-	✓	✓			✓		-
	8	✓	-	-	✓	✓	-	-	-	✓	✓			✓		
	9	✓	-	-	✓	✓	-	-	-	✓	✓			✓		
	10	✓	-	-	✓	✓	-	-	-	✓	✓			✓		-

I.2 Scope of application

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

Annual Reports and Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and the provisions of the Cyprus Company Law, Cap. 113.

I.3 Organisational Structure



I.4 Regulatory framework overview

The Company has prepared this report to fulfil its obligations regarding the public disclosure of information laid down in, Part VI of Regulation (EU) 2019/2033 on the prudential requirements of investment firms (IFR). The Regulation specifies the disclosure requirements for investment firms under the scope of application.

The mandatory disclosures are as follows (Part Six of IFR, articles 49 to 53):

- Risk management objectives and policies (Article 47 of IFR),
- Governance- including Liquidity risk management- (Article 48 of IFR),
- Own Funds (Article 49 of IFR),
- Own funds requirements (Article 50 of IFR),
- Composition of Own Funds (Article 51 of IFR),
- Remuneration Policy and Practices (Article 52 of IFR),
- Investment Policy (Article 53 of IFR),
- Environmental, social and governance risks (Article 54 of IFR),

More details are provided within the report.

The Company's Pillar III disclosures have been reviewed and approved by the Board. The report

has also been reviewed and approved by the auditors of W.G. Wealth Guardian Ltd.

The Company's policy is to publish the disclosures required 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.

The Company's Disclosures below have been prepared using 31 December 2021 data in accordance with the Directive and shall be published on annual bases on the Company's Website www.wguardian.com in conjunction with the date of submission of the financial statements.

II. Risk Management Objectives and Policies:

II.1 Risk Management Framework:

Managing risk effectively in a multidimensional organisation, operating in a continuously changing risk environment, requires strong risk management principles. The Company has established an effective risk oversight structure and the necessary internal controls to ensure that the Company identifies and manages its risks adequately, establishing the necessary policies and procedures in line with the applicable legislation. The Company's Risk Management framework is based on the "Three Lines of Defence" approach, summarised below:

First Line of Defence: Business Line Managers are responsible for establishing an effective control framework within their area of operation. Line Managers are accountable for identifying and controlling all risks so that they are operating within the organisational risk appetite.

Second Line of Defence: The Risk Management Function is responsible for proposing to the Board, Senior Management and the relevant Committees, appropriate objectives and measures to define the Company's risk appetite and employ the relevant risk tools to mitigate all the risks across business lines. The Risk Management function will independently monitor the Company's risk profile, providing additional assurance and recommendations to the Board.

Third Line of Defence: The Internal Audit Function and the Compliance Officer are responsible for providing further assurance to the Board and other stakeholders on the operational effectiveness of internal controls. The Third Line of Defence works closely with both the First (Line Managers) and Second (Risk Management Function) Lines of Defence but also are empowered to report directly and independently to the Board if required.

The Company has established an effective risk oversight structure and the necessary internal organisational controls to ensure 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 policies and procedures are based on the "three Pillar concept" as follows:

- Pillar 1 - Minimum Capital Requirements: the calculation of the total minimum capital requirements as established by the new IFD/IFR prudential framework for Investment Firms introduced in June 2021.
- Pillar 2 - Supervisory Review Process: the key principles of supervisory review, transparency and risk management are discussed, with emphasis to be given to the development of an internal capital adequacy assessment process for ensuring

compliance with regulatory requirements regarding capital adequacy.

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

II.2 Analysis of the Risks faced by the Company

II.2.1 Credit Risk

Credit Risk arises when failures by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. During 2021, the Company had no significant concentration of credit risk and there was no breach of internal limits as defined and monitored by Risk Management Department.

During the year under review, the Company had no activities with significant exposure to Credit Risk. The main exposures are related to the Company's capital and working capital's liquidity. The Company is using both local and international banks for its deposits. In addition, the Company has policies in place to ensure that services are provided to Clients with an appropriate credit history. All the custodians of the Company have been assessed in accordance with the provisions of the Company's IOM and CySEC's Directive DI144-2007-01.

II.2.2 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 following list presents some event types, included in operational risk, with some examples for each category:

- Internal Fraud - misappropriation of assets, tax evasion, intentional mismarking of positions, bribery.
- External Fraud - theft of information, hacking damage, third-party theft and forgery.
- Employment Practices and Workplace Safety - discrimination, workers compensation, employee health and safety.
- Clients, Products, & Business Practice - market manipulation, antitrust, improper trade, product defects, fiduciary breaches, account churning.
- Business Disruption & Systems Failures - utility disruptions, software failures, hardware failures.
- Execution, Delivery, & Process Management - data entry errors, accounting errors, failed mandatory reporting, negligent loss of Client assets.

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. For the calculation of operational risk in relation to the capital adequacy reports, the Company uses the Fixed Overheads methodology.

Operational risk mitigation:

The Company has established various techniques for the mitigation of operational risk. These techniques include the following:

- Maintaining a four-eye structure and implementing board oversight. The Board of Directors reviews significant strategic decisions made by management and monitors their activities.
- The compliance officer must ensure the accuracy of any statements made during the marketing and advertising processes and ensure that the information addressed to the client is fair, clear and not misleading.
- The compliance officer ensures that proper information/reports are sent on time to CySEC.
- Management formally communicates duties and responsibilities to employees through regular meetings, seminars and trainings.
- Internal audit visits are implemented to ensure that employees comply with the Company's internal procedures.
- Several policies and procedures have been established and followed in an attempt to identify and minimize any fraudulent activities.

II.2.3 Market Risk:

Market risk is the risk that the value of an investment will decrease due to movements in market prices and in particular, due to changes in interest rates, foreign exchange rates and equity and commodity prices. The associated market risk factors are the interest rate risk, the currency risk, the equity risk and the commodity risk.

Market risk mitigation:

The Company follows the following procedures as example to mitigate the market risk:

- The Company employs a risk manager who is responsible for the monitoring of the Company's risk exposure; any deviation ought to be reported to the risk management committee where appropriate action must be taken. More specifically, if market risk exceeds desired levels, appropriate actions should be taken to hedge risk until intended levels are achieved.
- Risk management committee is an independent unit reporting directly to the Board of Directors.

The Following table illustrates the related exposures:

Market Risk	2021	2020
	Euro '000	Euro '000
Equity	0	0
Foreign Exchange	649	437
Commodities	0	0
Total Exposure	649	437

II.2.4 Interest Rates 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.

During the year under review, the Company's income and operating cash flows were independent from changes in market interest rates, due to the fact that the Company other than cash at bank which attracts interest at normal commercial rates, had no other significant interest bearing financial assets or liabilities. None-the-less, the Risk Manager monitors the interest rate fluctuations with the assistance of the accounting function and based on the fluctuations of the relevant rates, the necessary hedging activities will be undertaken, as and where applicable.

II.2.5 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 maximum value of exposure to a particular currency pair as well as through the utilization of sensitivity analysis. The Company is mainly exposed to the fluctuation of the Great Britain Pound (GBP) versus the Euro, mainly because the Company's main debit balances are denominated in GBP, whereas the reporting currency is the Euro.

II.2.6 Funding Liquidity Risk

Funding liquidity risk is the possibility that, over a specific horizon, the Company will be unable to meet its demands/needs for money (i.e. cash) through mismatch of assets and liabilities (i.e. the ability to settle obligations with immediacy).

For the year under review, the Company was not exposed to funding liquidity risk. Policies and procedures for the measurement and management of the Company's net funding position and requirements, on an ongoing and forward-looking basis, have been established in order to mitigate any funding liquidity risk. Under the Capital Requirements Regulation ("CRR" or Regulation (EU) No 575/2013), investment firms shall comply with the requirements limiting large exposures as the excessive concentration of exposures to a single client, or group of connected clients, may result in an unacceptable risk of loss and can be considered prejudicial to the solvency of an investment firm. Limits to large exposures as well as compliance with large exposures requirements are set out in Articles 395 and 396 of CRR. The Company reported

zero exposure to Directors and Shareholders.

II.2.7 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 by Clients, counterparties, shareholders, investors or regulators. Reputation risk could be triggered by poor performance, the loss of one or more of the Company's key directors, the loss of large Clients, poor Client service, fraud or theft, Client claims, legal action, regulatory fines and from negative publicity relating to the Company's operations whether such fact is true or false.

The Company has policies and procedures in place when dealing with possible Client complaints in order to provide the best possible assistance and service under such circumstances. The possibility of having to deal with Client complaints is low as the Company does its best to provide high quality services to its Clients. In addition to the above, it should be noted that the Company's Board members and Senior Management comprise experienced professionals who are recognised in the industry for their integrity and ethos, and, as such, add value to the Company.

II.2.8 Strategic Risk

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.

II.2.9 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 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.

II.2.10 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 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.

II.2.11 Information Technology Risk

Information Technology (hereinafter, "IT") risk could occur as a result of inadequate information technology and processing, or arise from an inadequate IT strategy and policy or inadequate use

of the Company's IT. Specifically, policies have been implemented regarding backup procedures, software maintenance, hardware maintenance, use of the internet and antivirus procedures.

The Internal Auditor along with the Compliance Officer, as part of the annual on-site inspections, evaluated and assessed whether the Company's electronic trading systems are generally in compliance with the ESMA Guidelines on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities', which are mandatory since the 1st of May 2012. The results of this assessment were communicated to the Company. In this respect, they identified some deficiencies; however, the Company and its management, have displayed a clear intention to work towards the recommendations of the Internal Auditor.

The aim of the Company is for the materialisation of the IT risk to be minimised to the lowest possible level and, as such, the Risk Manager shall take the respective rectifying measures, as and when deemed necessary.

Specifically, policies have been implemented and measures have been taken regarding backup procedures, software maintenance, and hardware maintenance, use of the internet and antivirus procedures, and disaster recovery, as applicable.

II.2.12 Compliance Risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, bylaws, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the Company to financial loss, fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance risk can lead to diminished reputation, reduced Company value, limited business opportunities, reduced expansion potential, and an inability to enforce contracts.

During the year under review, the Compliance Officer of the Company undertook on-inspections in order to assess the Company's compliance with the regulatory framework.

Following the inspections, the CO provided the Company with a list of recommendations for improvement in different compliance related areas.

The Company's aim is for the materialisation of the Compliance risk to be minimised to the lowest possible level and, as such, the Company has reviewed and examined in detail the CO's recommendations and shall take all necessary remedy measures/actions in order to fully comply with the regulatory framework.

Furthermore, Company's Compliance Officer has initiated an ongoing program to supervise and examine in detail the level of compliance of certain areas of the Company with the relevant legislation in light of any deficiencies identified during the year under review, propose remedy measures/actions, and provide the relevant training to the Company's personnel, as and when required.

II.3 Risk Appetite Statement

Risk appetite can be defined as the amount and type of risk that the Company (WG Ltd) is willing to take in order to meet their strategic objectives.

Risk appetite and tolerance remain high on the Board's agenda and is a core consideration of the Risk Management Framework. The Company formulates its Risk Appetite Statement through a combination of qualitative and quantitative metrics, in line with the overall strategy.

The major parameters of the Risk Appetite Statement as was approved by the Board of Directors are concisely summarized below:

RISK APPETITE DASHBOARD STRUCTURE		
RISK TYPE	METRIC	TOLERANCE RANGE
STRATEGIC/ BUSINESS		
	Growth	Max30% (asset size)
CAPITAL/SOLVENCY		
	Tier1 Capital Ratio	Min 13% CET1 -CRR 150% -IFD/IFR
CREDIT		
	All counterparties exposure <25% of assets	<30% of exposure
	No of Counterparties	Min 2 Banks
LIQUIDITY		
	Liquid Assets / Total Liabilities	Min 60%
PROFITABILITY		
	Gross Revenue / Total Expenses	Min 100%
OPERATIONAL		
	Operational Losses as % of Capital	Max 3% of Equity
	Recovery time for critical systems	Max 1 hour for recovery
	Key Staff Retention	Min 70% of key staff
COMPLIANCE		
	CySec Admin. fines	0-zero tolerance
REPUTATIONAL		
	# Of official customer Complaints	0-zero tolerance
TRAINING		
	#Training Courses per year	Min 1 training course

III. Governance

The Board of Directors defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Company, including the segregation of duties in the organisation and the prevention of conflicts of interest. The governance arrangements have to comply with the following principles:

- The Board of Directors must:
 1. Have overall responsibility for the CIF and approve and oversee the implementation of the CIF’s strategic objectives, risk prevention strategy and internal governance
 2. Ensure the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the law and relevant standards
 3. Oversee the process of disclosure and announcements be responsible for providing effective supervision of senior management.
 4. Periodically, the Board of Directors need to monitor and assess the effectiveness of the CIF’s governance arrangements and, when necessary, take appropriate steps to address any deficiencies.

The amended Law required that the Board of Directors:

- Devote adequate time for performing their duties and possess adequate collective knowledge, skills and experience to be able to understand the Cyprus Investment Firm’s activities, including the principal risks
- 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 the decision-making of the management.

III.1 Board Appointment and Diversity:

Directors are appointed based on their experience and exposure to Investment services, Banking or Law and must also be able to meet the fit and proper criteria of both CySEC and of Company Shareholders itself on an ongoing basis. The Directors are expected to disclose conflicts of interest, matters of fitness and appropriateness that may impact their role on the Board of the Company and any other matter which potentially comprises their role and responsibilities on the Board.

In September 2020 Mr. Nick Sissou, joined the Board and in December 2020 Mrs. Rita Giannoulakis replaced Mr. Christos Kassianides as Executive Director. No other changes took place since 2020.

The Board is composed by the following members:

Director	Position	Executive Directorship	Non- Executive Directorship
Rita Giannoulakis	Executive Director	1	0
Michael Poyiatzis	Executive Director	1	0
Christos Spanos	Non-Executive	1	2

Alkis Aloneftis	Non-Executive	0	3
Nick Sissou	Non-Executive	0	1

The current Board members have a unique mixture of experience in various fields of business, different educational background and extensive practical experience.

III.2 Structure of Risk Management

The principal responsibilities of the Board, the Senior Management, the Internal Auditor, the Risk Management Committee and the Risk Management function in relation to the management of the Company's risks include the following:

- The Board combine various expertise and educational backgrounds (i.e. Finance, Legal, Marketing and Physics) enables the management to look over the various risk types the Company might encounter during the Company operations.
- the Board reviews and discusses, during its meetings, the written reports prepared by the Risk Manager and identifies the risks faced by the Company;
- the Company's Senior Management also reviews the written reports prepared by the Risk Manager, applies the decisions of the Board with respect to risk management and monitors whether all the Company's risk management procedures are followed;
- the Internal Auditor evaluates the adequacy and effectiveness of the Company's internal control systems, policies and procedures with respect to risk management;
- the Risk Management Committee, inter alia, scrutinizes, and decides on various risks associated with the operation of the Company with the view to increase the awareness of, formulate internal policies and measure the performance of the said policies in dealing with the risks associated with the operation of the Company.
- Moreover, the Risk Management Committee reviews the risk management procedures in place (monitors and controls the Risk Manager in the performance of his/her duties and the effectiveness of the Risk Management Department), the Risk Manager ensures efficient management of the Company's risks in the provision of the investment and ancillary services to Clients, as well as the risks underlying the operation of the Company.
- In addition to the Risk Committee, the Company has an Investment Committee, formed to ensure the practice of a proper investment policy and the monitoring of the provision of adequate investment services to Clients. The Investment Committee shall receive information from the relevant Department(s) to assess the pillars of the Company's investment strategy. The Investment Committee decisions shall relate to general, and overall decisions as far as investments are concerned which correspond to the Company's risk profile, as applicable. These general and overall decisions relate to various sectors of the economy across multiple regions and countries, general macroeconomic indicators, types of financial instruments, types of financial markets and market segments. Further, 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.

III.3 Information flow on risk to the Management:

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, Money Laundering and Terrorist Financing and Risk Management issues and approves the Company's ICAAP/ICARA report as shown in the table below:

#	Report Name	Responsibility	Recipient	Frequency
1	Risk Management Report	Risk Manager	BoD, CySEC	At least annually
2	ICAAP/ICARA	Risk Manager	BoD, Upon request of CySEC	Annually
3	Compliance Report	Compliance Officer	BoD, CySEC	Annually
4	Internal Audit Report	Internal Auditor	BoD, CySEC	Annually
5	AMLCO Report	AMLCO	BoD, CySEC	Annually
6	Committees: Risk Investment	Chairman of each Committee	BoD	Semi-annually

IV. Own Funds

The Company's eligible own funds consist entirely of Tier 1 items (Equity Share Capital, Share Premium and Reserves). The total eligible own funds of the Company are only subject to the relevant regulatory capital deductions, restrictions or limits. The Company must have own funds which are at all times more than or equal to the sum of its capital requirements. In addition, they must not fall below the level of its initial capital in no case.

The Company uses the template EU IF CC1/CC2/CCA as presented in Annex VI according to Article 49(1) of Regulation (EU) No 2019/2033 on the prudential requirements of investment firms (IFR).

COMPOSITION OF REGULATORY OWN FUNDS

Template EU IF CC1.01 - Composition of regulatory own funds (investment firms other than small and non-interconnected)			
		(a)	(b)
		Amounts	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	848,674	STATEMENT OF FINANCIAL POSITION- Audited Financials Note 17
2	TIER 1 CAPITAL	848,674	STATEMENT OF FINANCIAL POSITION- Audited Financials Note 17
3	COMMON EQUITY TIER 1 CAPITAL	848,674	STATEMENT OF FINANCIAL POSITION- Audited Financials Note 17
4	Fully paid up capital instruments	3,400	STATEMENT OF FINANCIAL POSITION- Audited Financials Note 17
5	Share premium	402,600	STATEMENT OF FINANCIAL POSITION- Audited Financials Note 17
6	Retained earnings	442,674	STATEMENT OF FINANCIAL POSITION- Audited Financials Note 17
7	Accumulated other comprehensive income		
8	Other reserves		
9	Minority interest given recognition in CET1 capital		
10	Adjustments to CET1 due to prudential filters		
11	Other funds		
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
13	(-) Own CET1 instruments		
14	(-) Direct holdings of CET1 instruments		
15	(-) Indirect holdings of CET1 instruments		
16	(-) Synthetic holdings of CET1 instruments		
17	(-) Losses for the current financial year		
18	(-) Goodwill		

19	(-) Other intangible assets		
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities		
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds		
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds		
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment		
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment		
25	(-) Defined benefit pension fund assets		
26	(-) Other deductions		
27	CET1: Other capital elements, deductions and adjustments	- 68,000	CIF's contribution to the Investor's Compensation Fund ("IFC") as required by Cysec Circular 162
28	ADDITIONAL TIER 1 CAPITAL		
29	Fully paid up, directly issued capital instruments		
30	Share premium		
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
32	(-) Own AT1 instruments		
33	(-) Direct holdings of AT1 instruments		
34	(-) Indirect holdings of AT1 instruments		
35	(-) Synthetic holdings of AT1 instruments		
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment		
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment		
38	(-) Other deductions		
39	Additional Tier 1: Other capital elements, deductions and adjustments		
40	TIER 2 CAPITAL		
41	Fully paid up, directly issued capital instruments		
42	Share premium		
43	(-) TOTAL DEDUCTIONS FROM TIER 2		
44	(-) Own T2 instruments		
45	(-) Direct holdings of T2 instruments		
46	(-) Indirect holdings of T2 instruments		
47	(-) Synthetic holdings of T2 instruments		
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment		
49	(-) T2 instruments of financial sector entities where the institution has a significant investment		
50	Tier 2: Other capital elements, deductions and adjustments		

OWN FUNDS RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to EU IF CC1
		As at period end	As at period end	
<i>Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements</i>				
1	Non-current assets	2,313	2,313	
2	Trade and other receivables	120,825	120,825	
3	Cash at bank and in hand	755,395	755,395	
	Total Assets	878,533		
<i>Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements</i>				
1	Trade and other payables	10,940	10,940	
2	Current tax liabilities	18,919	18,919	
	Total Liabilities	29,859	29,859	
Shareholders' Equity				
1	Share capital	3,400	3,400	Fully paid up capital instruments
2	Share premium	402,600	402,600	Share premium
3	Retained earnings	442,674	442,674	Retained earnings
	Total Shareholders' equity	848,674	848,674	

OWN FUNDS MAIN FEATURES

		a
		<i>Free text</i>
1	Issuer	N/A
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	N/A
4	Governing law(s) of the instrument	N/A
5	Instrument type (types to be specified by each jurisdiction)	N/A
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	N/A
7	Nominal amount of instrument	N/A
8	Issue price	N/A
9	Redemption price	N/A
10	Accounting classification	N/A
11	Original date of issuance	N/A
12	Perpetual or dated	N/A
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	N/A
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	N/A

23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	N/A
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

There were no restrictions applied to the calculation of own funds and the instruments and deductions to which those restrictions apply.

V. Own Funds Requirements

Investment firms shall disclose the following information regarding their compliance with the requirements laid down in Article 11(1) of IFR and in Article 24 of Directive (EU) 2019/2034, in accordance with Article 46 of IFR. The Company manages its capital structure and makes adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities. The Company fulfilled its obligations by successfully submitting, on a quarterly basis, the Capital Adequacy and Large Exposures Reports.

With the entry into force of the Investment Firms Regulation (EU) 2019/2033 ('IFR') and Investment Firms Directive (EU) 2019/2034 ('IFD') on 26th June 2021, all Cyprus Investment Firms ('CIFs') authorised under the Investment Services and Activities and Regulated Markets Law of 2017 will be subject to a new prudential regime, different and independent from the previously applied Regulation EU No. 575/2013 (CRR) and Directive DI144-2014-14. Class 2 Investment firms shall, at all times have own funds as the highest of the following (Art.11 - IFR):

a) The fixed overheads requirement (Art.13 – IFR):

At least one quarter ($\frac{1}{4}$) of the fixed overheads of the preceding year.

b) The permanent minimum requirement (Art. 14 – IFR)

The permanent minimum capital requirement of an investment firm is at least the initial capital requirement.

c) The K-factor requirement (Title II, Chapter 1 - IFR)

The K-factor requirement shall amount to at least the sum of the RtC, RtM and RtF

The primary objective of the Company with respect to capital management is to ensure that the Company complies with the imposed capital requirements of the Law with respect to its own funds and that the Company maintains healthy capital ratios in order to support its business and to maximize shareholders' value and optimise its debt and equity balance. The Company must have own funds which are at all times more than or equal to the sum of its capital requirements. In addition, they must not fall below the level of its initial capital in no case.

During the year under review, the Company's own funds never dropped below the minimum initial capital requirement (i.e. 150,000 Euro) and the Company fulfilled its obligations by successfully submitting, on a monthly basis, the Capital Adequacy and Large Exposures Reports.

Moreover, the minimum Capital Adequacy Ratio (i.e. 100%) was maintained by the Company during the year under review. In this respect, the Table below illustrates the Company's Capital Adequacy Ratio for each quarter of the year 2021. CySEC may impose additional capital requirements for risks not covered by Pillar I of Basel II.

K-factors Requirements

The purpose of the K-factor requirement is to ensure the investment firm holds enough capital appropriate to the risks that the investment firm runs, and the extent of the risks. The K-factors provide for three types of risks:

1. **Risk-to-Client (RtC):**
 - K-AUM: assets under management;
 - K-CMH: client money held;
 - K-ASA: assets safeguarded and administered; and
 - K-COH: customer orders handled.

2. **Risk-to-Market (RtM):**
 - K-NPR: net position risk;

3. **Risk-to-Investment Firm (RtF):**
 - K-TCD: trading counterparty default;
 - K-CON: concentration risk in excess of certain threshold values;
 - K-DTF: daily value of transactions on own account.

For 2021, the Risk-to-Market is calculated as per the CRR but the Risk-to-Client and the Risk-to-Firm are new calculations. The Company has therefore adjusted the Risk Management procedures in order to calculate, assess and monitor the new K-factors. A summary of the December 2021 calculations for the K-factors is shown below:

Item	0010	0020
TOTAL K-FACTOR REQUIREMENT		63
Risk to client		11
Assets under management	51,101	10
Client money held - Segregated	94	0
Client money held - Non - segregated	-	-
Assets safeguarded and administered	1,078	0
Client orders handled - Cash trades	-	-
Client orders handled - Derivatives Trades	-	-
Risk to market		52
K-Net positions risk requirement		52
Clearing margin given	-	-
Risk to firm		-
Trading counterparty default		-
Daily trading flow - Cash trades	-	-
Daily trading flow - Derivative trades	-	-
K-Concentration risk requirement		-

The Company's Own Funds, Capital Requirements and Capital Adequacy Ratio reported as at 31st of December 2021, were the following:

	31/12/2021-audited
	Euro '000
Eligible Own Funds	
Own Funds	780
Total Eligible Own Funds	780
Own Funds Requirement	
Permanent minimum capital requirement	150

Fixed Overhead requirement	95
Total K-Factor requirement	63
Total Capital Requirements	150
Capital Adequacy Ratio	520%

Internal Capital Adequacy and Risk Assessment process

In 2021, the new prudential regime for investment firms set out in the EU Investment Firms Directive and Regulation (IFD and IFR) respectively introduces a new capital adequacy and risk assessment and supervisory review and evaluation process (ICARA). Investment firms must assess and maintain internal capital and liquid assets sufficient 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. The ICARA requirements include an obligation on the firm to maintain documentation setting out appropriate strategies and processes to ensure that it is able to meet the requirements.

The ICARA report:

- reflects the risks to which the firm is exposed and the amount of risk it poses to clients and to markets;
- applies a forward-looking approach to consider how these risks could evolve throughout the economic cycle;
- determines the appropriate level of financial resources required to cover these risks beyond what is covered under 'Pillar 1';
- considers business model viability and the strategy's sustainability, including through reverse stress testing, to determine vulnerabilities in the business model; and
- considers necessary financial resources and planning to allow for a credible wind-down of the Company if it closes

VI. Remuneration Policy and Practices

In accordance with the requirements of the IFR, article 51, the Company publicly discloses information regarding the remuneration policy and practices for those categories of staff whose professional activities have a material impact on the risk profile of the investment firm.

The Company has established a remuneration policy, which its purpose 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 the IFD/IFR as well as the Circular 031 on remuneration policies and practices, 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.

The remuneration of staff is dependent on various elements such as jurisdiction legal and regulatory requirements, employment law requirements, market and industry practices and competition analysis. The ratios between fixed and variable remuneration set in accordance with Article 30(2) of Directive (EU) 2019/2034. The Human Resources Department and the Board of Directors decide the remuneration of the Company's Senior Management and employees with reference to the above elements.

The Company does not retain external consultants although external consultants are used from time to time to ask for advice on specific issues. The Board also seeks advice from the HR Department and Managing Directors/Senior Managers, who may provide relevant information and advice to the Board.

The setting of remuneration supports the business objectives and corporate values of the Company and is aimed at promoting prudent risk management and to avoid excessive risk taking by attracting, retaining and motivating the key talent needed to achieve these outcomes, accordingly, the Company Directors and Senior Management are entitled to fixed remuneration, while only the sales staff are eligible to variable remuneration based on achieving their targets.

The Company's remuneration arrangements represent a combination of salary, bonuses and long term incentive schemes that are designed to align the interest of the Company and its employees with those of its clients and other stakeholders to ensure the Company's continued long term profitability. Non-salary remuneration plans are completely variable, based on the Company's performance and individual performance. The below table illustrates the amounts paid to Company Employees during 2021:

Department	Amounts in Euro		Total
	Fixed	Variable	
Directors	93,000	n/a	93,00
Senior Management	30,500	n/a	30,500
Sales and Marketing			-
Admin			-
Total	123,500		123,500

Regarding the Variable remuneration

- No amount of deferred remuneration was awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years;
- No amount of deferred remuneration due to vest in the financial year is paid out during the financial year, and that is reduced through performance adjustments;
- There was no guaranteed variable remuneration awards during the financial year.

Regarding the Severance payments

- The amount of severance payments awarded in previous periods, that have been paid out during the financial year was zero;
- There were no amounts of severance payments awarded during the financial year, split into paid upfront and deferred;
- The number of beneficiaries of those payments was zero;
- The highest payment that has been awarded to a single person was zero.

VII. Investment policy

Investment firms which do not meet the criteria referred to in point (a) of Article 32 (4) of Directive (EU) 2019/2034 shall disclose the following 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, 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.

Article 32 (4) of the IFD states:

- (a) an investment firm, where the value of its on and off-balance sheet assets is on average equal to or less than EUR 100 million over the four-year period immediately preceding the given financial year.

The Company meets the above criteria for December 2021.

VIII. Environmental, social and governance risks

Investment firms which do not meet the criteria referred to in Article 32(4) of Directive (EU) 2019/2034 shall disclose information on environmental, social and governance risks, including physical risks and transition risks, as defined in the report referred to in Article 35 of Directive (EU) 2019/2034.

The Company meets the above criteria for December 2021.

IX. Performance Appraisal

The Company implements a performance appraisal method, which is based on a set of key objectives, developed for each business unit. These Indicators include quantitative as well as qualitative criteria. Objectives are set in the beginning of each month, quarter and/or year (each department is being appraised on different periods) defining what the Company functions, departments and individuals are expected to achieve over an upcoming period.

Performance checks and feedbacks: managers provide support and feedback to the concerned staff during the time periods decided, during the daily activities or during formal or informal performance reviews; the aim is to assist the staff to develop their skills and competencies.

Performance evaluation takes place annually, usually at the end of each year.

X. Further Information

For further information regarding this report, please contact the Compliance Department at compliance@wguardian.com