



Forextime Ltd

Regulated by the Cyprus Securities and Exchange Commission License no. 185/12

DISCLOSURE AND MARKET DISCIPLINE REPORT FOR 2022

April 2023

DISCLOSURE

The Disclosure and Market Discipline Report for the year 2022 has been prepared by Forextime Ltd as per the requirements of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014.

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

*Forextime Ltd is regulated by the Cyprus Securities and Exchange Commission under License number **185/12**.*

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1. INTRODUCTION

1.1. Pillar III Regulatory Framework and Scope of Application

The present report for the end of 2022 reference date, is prepared by Forextime Ltd (the “Company”) a Cyprus Investment Firm (“CIF”) authorized and regulated by the Cyprus Securities and Exchange Commission (the “CySEC”, the “Commission”) under license number 185/12 and Legal Entity Identifier number 549300AOBWCBUX8I1R48, operating in harmonisation with the Markets in Financial Instruments Directive (‘MiFID II’).

In accordance with Regulation (EU) 2019/2033 (the “Investment Firm Regulation”, “IFR”), which was published in 2019, the Company is required to disclose information relating to its risk management structure and processes, its risk governance, its Own Funds, its minimum capital requirements, as well as the most important characteristics of its remuneration system. The scope of this report is to promote market discipline and to improve transparency of market participants.

Further to the provisions of the Directive (EU) 2019/2034 (the “Investment Firm Directive” or “IFD”), as well as the provisions of Section 10 of the Law 87(I)-2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets, please find in the following sections 5 and 7 information in relation to the Company’s governance and remuneration.

The 2022 Pillar III Disclosures report sets out both quantitative and qualitative information required in accordance with Part Six of the IFR and in particular Articles 46 to 53, which set the requirements of the disclosures. For the referenced financial year (i.e., year ended 31 December 2022) the Company was classified as a Class 2 investment firm based on the rules of the IFR & IFD prudential framework, and was not subject to consolidated supervision, therefore these disclosures have been prepared on an individual (stand-alone) basis. Furthermore, the Company prepares its financial records in accordance with the International Financial Reporting Standards as adopted by the European Union.

The information contained in the Pillar III Market Discipline and Disclosure report is audited by the Firm’s external auditors and published on the Company’s [website](#) on an annual basis.

Furthermore, the Board of Directors (‘BoD’ or ‘Board’) and the Senior Management have the overall responsibility for the internal control systems in the process of “Capital Adequacy Assessment” and they have established effective processes to ensure that the full spectrum of risks facing the Company is properly identified, measured, monitored, and controlled to minimize adverse outcomes.

The Company’s business effectiveness is presented and based on the guidelines of the risk management policies and procedures. The Board of Directors, Internal Audit, Risk

Manager, Compliance and Anti-Money Laundering Officer control and supervise the overall risk system so that all units charged with risk management perform their roles effectively on a continuous basis.

The Company is exposed to a variety of risks. More information can be found in sections 3 and 4 below.

1.2. Investment Firm

Table 1: Corporate Information

Company name	Forextime Limited
CIF Authorization date	13 December 2012
CIF License number	185/12
Company Registration Date	09 August 2012
Company Registration Number	310361
Investment Services	
(a)	Reception and Transmission of orders in relation to one or more Financial Instruments
(b)	Execution of orders on behalf of Clients
(c)	Dealing on Own Account
(d)	Portfolio Management
(e)	Provision of Investment Advice
Ancillary Services	
(a)	Safekeeping and administration of Financial Instruments for the account of Clients, including custodianship and related services such as cash/collateral management
(b)	Granting credits or loans to an investor to allow him to carry out a transaction in one or more Financial Instruments, where the firm granting the credit or loan is involved in the transaction
(c)	Foreign exchange services where these are connected to the provision of investment services
(d)	Investment research and financial analysis or other forms of general recommendation relating to transactions in Financial Instruments

1.3. Regulatory (Prudential) Supervision

The Laws and Regulations that govern the operations of Cyprus Investment Firms and set out the obligations and requirements that shall be met in the aspect of capital adequacy and market discipline, are comprised, inter alia, by the following:

- Law 87(I)/2017: Provision of investment services, the exercise of investment activities, the operation of regulated markets and other related matters (hereafter “the Law”).
- Part Six of Regulation (EU) 2019/2033 – IFR.
- Regulation (EU) No. 648/2012 – European Markets Infrastructure Regulation.
- Directive (EU) 2019/2034 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU – IFD, which has been harmonized into Cyprus legislation through the issuance of Law 165(I)/2021 of the CySEC for the prudential supervision of Investment Firms.

Since 26th June 2021, the Company abides by the prudential rules set by the IFR & IFD framework. The IFR addresses the prudential requirements only for investment firms in order to avoid disproportionate administrative burden on this category. Also, the IFR permits a transitional period of five years, until the 26th of June 2026, for certain of the enhanced capital requirements.

The current regulatory framework comprises of three pillars:

- **Pillar I** covers the calculation of the Capital Adequacy Ratio and Liquidity Requirement.
- **Pillar II** covers the Supervisory Review and Evaluation Process (‘SREP’), which assesses the Internal Capital Adequacy and Risk Assessment Process (the “ICARA”) and provides for the monitoring and self-assessment of an institution’s capital adequacy and internal processes.
- **Pillar III** covers external disclosures that are designed to provide transparent information on regulatory capital adequacy, risk exposures and risk management and internal control processes.

2. RISK MANAGEMENT

2.1. Definition of Risk Management

Risk Management is the process of identification, analysis, and evaluation of uncertainty in investment decision-making. As a result, it is treated accordingly, either accepted or mitigated.

Risk Management occurs anytime an investor analyses and attempts to quantify the potential for losses in an investment and then takes the appropriate action (or inaction) given their investment objectives and risk tolerance.

Risks should be continuously monitored and reviewed. In addition to that, outcomes and results should be properly reported, and new objectives should be set.

Characteristics of a productive Risk Management process:

- A culture of risks adjusted in the organization. It embraces a series of values, attitudes and ways of acting towards risks, including taking decisions on change management and strategic business planning.
- Complete approach to all risks; there are risks that directly affect the Company and risks that indirectly affect the Company. It is very important to report all kinds of risks and to assume and understand the relations between them. The overall calculation should be simplified without affecting the difference of nature, degree of evolution and real possibilities of management and control of each type of risk, adjusting the organization, processes, reports and tools to the features of each one.
- An organizational and control model which is assigned to all risk types.
- Common management instruments among the different departments, without negatively affecting the regulations and requirements of supervisors and the degree of development of each department.

Lastly, it is very important that all risk assessment results are communicated to all relevant departments with the appropriate consultation given.

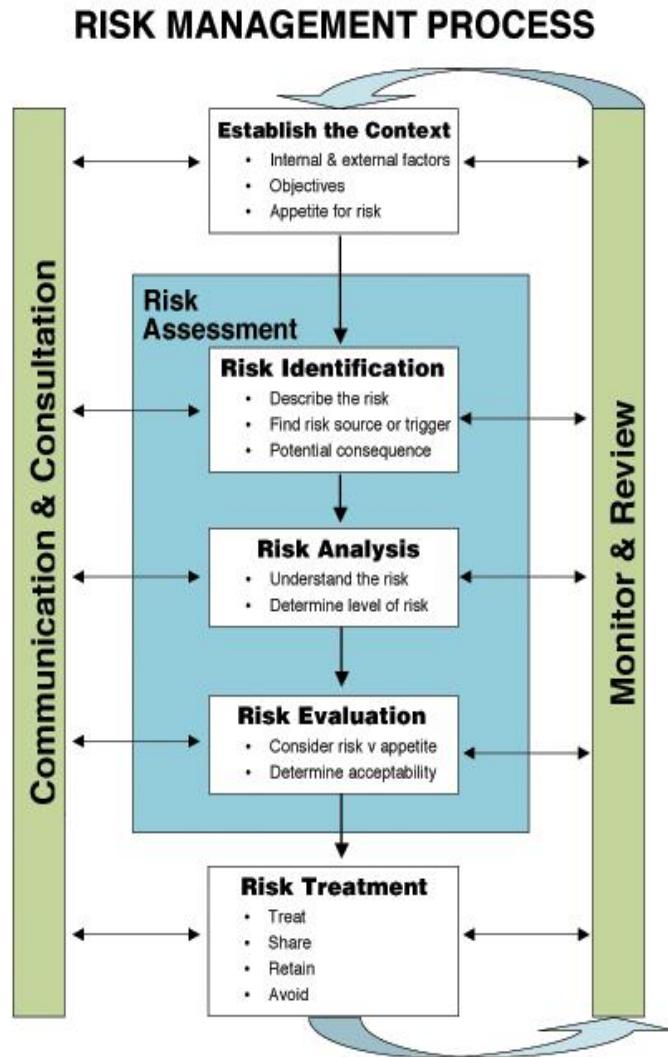


Figure 1 Risk Management Process

2.2.Risk Management Policy and Objectives

The Company’s Risk Management Policy was formed with the view to ensure the efficient monitoring of the risks inherent in the provision of the investment services to Clients, as well as the risks underlying the operation of the Company, in general.

It sets out the procedures and mechanisms regarding risks and it describes the roles and responsibilities of the Risk Manager. In addition to that, it identifies the main reporting procedures and outlines the process followed by the Senior Management in order to evaluate the effectiveness of the Company’s internal control procedures.

The Risk Manager ensures 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 the necessary procedures, relating to risk management are in place. The Risk

Manager shall report to and the Board of Directors of the Company. The Risk Manager is being outsourced.

The Senior Management bears the responsibility to monitor the adequacy and effectiveness of risk management policies 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.

The Company's BoD receives on a regular basis written report, which contain a description of the implementation and effectiveness of the overall control environment for investment services and activities, ancillary services and other business, and a review of the risks that have been identified, analyzed, planned as well as remedies undertaken or will be undertaken.

Processes are continuously being reviewed with the intent of further strengthening through the implementation of guidance provided by both the industry and new regulatory requirements. In addition, the entire risk management policy universe has been re-designed to define an updated comprehensive and coherent framework for risk management, linked to the Company's risk appetite.

The risk management policy is as follows:

Table 2: Risk Management Policies

Policy Name	Revision Frequency
Internal Operations Manual	Annual or Ad-Hoc

2.3. Risk Appetite Framework

Risk appetite is the amount and type of risk that the Company is able and willing to accept in pursuing its business objectives. Risk appetite is expressed in both quantitative and qualitative terms and covers all risks, both on-balance sheet and off-balance sheet. Such risks include, but are not limited to, risks to client, market and firm, liquidity, reputational and compliance risk.

The Risk Appetite Framework takes into account earnings sensitivities to business cycles and risk to client, credit risk (concentration risk), risk to firm, market risk and operational events. The Risk Appetite is one of the strategic oversight tools available to the Management bodies. It underpins the budgeting process and draws on the ICARA report, which is also used to ensure capital adequacy under stressed economic scenarios.

Furthermore, the positioning of the business in terms of risk/return ratio as well as the Company's risk profile by type of risk are analysed and approved by the BoD. The Company's risk appetite strategy is implemented by the Senior Management in collaboration with the BoD and applied by all divisions through an appropriate operational steering system for risks, covering:

- (a) Governance (decision-making, management and supervisory bodies).
- (b) Management (identification of risk areas, authorisation and risk-taking processes, risk management policies through the use of limits and guidelines, resource management).
- (c) Supervision (budgetary monitoring, reporting, leading risk indicators, permanent controls and internal audits).

Essential indicators for determining the Risk Appetite and their adaptations are regularly supervised over the year in order to detect any events that may result in unfavourable developments on the Company's risk profile. Such events may give rise to remedial action, up to the deployment of the recovery plan in the most severe cases.

The BoD shall review and approve the risk appetite and capacity on an annual basis, with the aim of ensuring that they are consistent with the Company's strategy, business and regulatory environment and stakeholders' requirements.

2.4. Risk Culture

The Company promotes a strong risk culture throughout the organization. The aim is to help reinforce the Company's resilience by encouraging a holistic approach to the management of risk and return throughout the organization, as well as the effective management of the risk, capital, and reputational profile. The Company actively takes risks in connection with the business and as such the following principles underpin the risk culture within the organisation:

- Risk is taken within a defined risk appetite.
- Every risk taken shall be approved within the risk management framework.
- Risk taken needs to be adequately compensated.
- Risk should be continuously monitored and managed.

Employees at all levels are responsible for the management and escalation of risks. The Company expects all employees to exhibit behaviours that support a strong risk culture. To promote this, the policies require that behaviour assessment is incorporated into the performance assessment and compensation processes of employees. The Company has communicated the following risk culture behaviours through various communication vehicles:

- Being fully responsible for their risks;
- Being rigorous, forward looking and comprehensive in the assessment of risk;
- Inviting, providing and respecting challenges;
- Trouble shooting collectively;
- Placing the Company and its reputation at the heart of all decisions.

From the beginning of 2022 and as at the date of this report, the Company's objective was to ensure that all of its employees were appropriately trained so as to keep them up to date with the relevant legislations which relate to their day-to-day operations.

2.5. Stress Testing

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

- Understanding the risk profile of the Company.
- The evaluation of the Company's capital adequacy in absorbing potential losses under stressed conditions: This takes place in the context of the Company's ICARA.
- The evaluation of the Company's strategy: Senior Management considers the stress test results against the approved business plans and determines whether any corrective actions need to be taken. Overall, stress testing allows Senior Management to determine whether the Company's exposures correspond to its risk appetite.
- The establishment or revision of limits: Stress test results, where applicable, are part of the risk management processes for the establishment or revision of limits across products, different market risk variables and portfolios.

The ultimate responsibility and ownership of the Company's stress testing policy rests with the BoD. If the stress testing scenarios reveal vulnerability to a given set of risks, management should make recommendations to the BoD for remedial measures or

actions. These may vary depending on the circumstances and include one or more of the following:

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

2.6. Internal Capital Adequacy and Risk Assessment

Further to the requirements of Pillar I, a more detailed approach on managing risks is achieved through the preparation of the Pillar II requirements and more precisely the new Internal Capital Adequacy and Risk Assessment Process ('ICARA') which follows the requirements under the IFR and IFD, as well as the relevant guidelines issued by the European Banking Authority ('EBA'). As already mentioned, the ICARA has replaced the ICAAP, as per the new requirement for investment firms, according to Article 24 of IFD. More specifically, the ICARA increases the focus placed on the assessment of risks which are based on the K-factor requirements. It is noted that, during the last months the Company has prepared its first ICARA report based on the new IFR/IFD Pillar 2 requirements.

The ICARA process and report is a key tool for both the Company and the regulator as it approaches the risk assessment from a holistic perspective, enabling the Company to assess and match risks as much as possible, reducing its residual risk and enabling more precise future growth planning.

The ICARA Report, similarly to the ICAAP, outlines how the Company has implemented and embedded the management of risk within its business, taking into consideration its risk profile, risk appetite and capital needs. Specifically, the ICARA Report includes procedures and measures adopted by the Company to:

- Promote a comprehensive capital and liquidity risk management framework for the Company;
- Align capital and liquidity with risk management and strategy; and
- Provide the tools, among others, for communicating to the Board and the regulator about the key aspects of its risk management and governance structure.

Moreover, the ICARA enables the BoD and Senior Management to assess on an ongoing basis the risks inherent in the Company's activities, and to this extent, it forms an integral part of the Company's risk management process and decision-making culture.

2.7. Russian Invasion to Ukraine

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely.

3. K-FACTOR REQUIREMENT - TYPES OF RISK

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

The Company is required to calculate the K-factor requirement only for the K-factor components that are relevant to the services and activities that they are authorized to provide.

3.1. Risk to Client ('RtC')

Definition

Risk to Client arises when an investment firm fails to properly provide services to its clients. The K-factors under RtC capture client Assets Under Management and ongoing advice ('K-AUM'), Client Money Held ('K-CMH'), Assets Safeguarded and Administered ('K-ASA'), and Client Orders Handled ('K-COH').

- **K-AUM** (Assets Under Management) is the value of assets that an investment firm manages for its clients under both discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature. As the Company did not provide portfolio management or investment advice services during the year ending 31 December 2022, the Company was not subject to the risk relating to this k-factor.
- **K-CMH** (Client Money Held) is the amount of client money that an investment firm holds, taking into account the legal arrangements in relation to asset segregation and irrespective of the national accounting regime applicable to client money held by the investment firm. The Company calculates its K-CMH based on the provisions of Articles 15 and 18 of the IFR.
- **K-ASA** (Assets Safeguarded and Administered) is the value of assets that an investment firm safeguards and administers for clients, irrespective of whether assets appear on the investment firm's own balance sheet or are in third-party accounts. The Company is not subject to K-ASA since it does not provide safeguarding and administration for any clients' financial instruments.
- **K-COH** (Clients Orders Handled) is the value of orders that an investment firm handles for clients, through the reception and transmission of client orders and through the execution of orders on behalf of clients. The Company is not subject to K-COH since it does not execute orders in the name of the client, on an agency basis (i.e., all client orders are executed on a principal basis).

K-CMH

The Company holds money on behalf of clients in accordance with the client money rules set out in the CySEC's Directive DI87-01 for the Safeguarding of Client Assets, Product Governance Obligations and Inducements.

Risk Mitigation Measures

Such monies are classified as "segregated client funds" in accordance with the CySEC regulatory requirements. Segregated client money accounts hold statutory trust status, according to regulatory requirements, restricting the Company's ability to control the monies and accordingly such amounts are not presented on the Company's statement of financial position. Furthermore, the Finance & Accounting Department is responsible for monitoring and supervising the reconciliation of the client balances to any table entries used and to the corresponding General Ledger Account balances, in order to ensure that client money is properly and adequately safeguarded.

Reconciliations

The Dealing Department is responsible for sending information on all the executed orders (of Clients and Own Account) to the Finance & Accounting Department. This is done through the use of the segregated report, so as to enable the Finance & Accounting Department to proceed with the necessary reconciliations.

The Back Office Department is responsible to provide the Clients' cash balances as per third parties statements (i.e., Financial Institutions, Payment providers etc.) to Finance & Accounting Department in order to proceed with the reconciliation of Clients' balances and Clients' funds.

The Finance & Accounting Department conducts the necessary reconciliations between the internal accounts and records of the Company and those of any third parties by whom our own assets are held, as applicable.

In this respect, daily bank statements of separately managed Clients' bank accounts and own bank accounts or other custodians are obtained and reconciled to the Company's internal accounts and records, as applicable. The Head of the Back Office Department must conduct a daily reconciliation of the balances of the bank accounts for Clients' money and of the credit balances of the Clients.

The Internal Auditor is responsible for reviewing the reconciliations undertaken by the Finance & Accounting Department, at least annually.

3.2.Risk to Market ('RtM')

Definition

Risk to Market captures the risk an investment firm can pose to market access. The K-factors that fall under the scope of RtM include Net Position Risk ('K-NPR') or Clearing Margin Given ('K-CMG') where permitted by the competent authority for specific types of investment firms which deal on own account through clearing members, based on the total margins required by an investment firm's clearing member.

- **K-NPR** (Net Position Risk) means the value of transactions recorded in the Trading Book of an investment firm, as well as transactions in the Banking Book which give rise to Foreign Exchange or Commodity Risk. This k-factor is based on the rules for Market Risk for positions in equities, interest rate financial instruments, foreign exchange, and commodities in accordance with CRR. Therefore, K-NPR captures the Market Risk, which is defined as the risk that changes in market prices will affect the Company's income or the value of its holding of financial instruments. The Company's exposure to Market Risk at any point in time depends primarily on short-term market conditions and client activities during the trading day. The Company is subject to Market Risk because of its trading activities. The Company is therefore exposed to losses in the case where adverse market movement causes the value of its open positions to decline.
- **K-CMG** (Clearing Margin Given) means the amount of total margin required by a clearing member or qualifying central counterparty, where the execution and settlement of transactions of an investment firm dealing on own account take place under the responsibility of a clearing member or qualifying central counterparty. K-CMG is an alternative to K-NPR to provide market risk for trades that are subject to clearing as set out in Article 23 of IFR. The Company was not subject to this k-factor since, for the year ended 31 December 2022, it did not execute or settle transactions through a clearing member or a qualifying central counterparty.

K-NPR

The K-factor for RtM for investment firms which deal on own account is based on the rules for Market Risk for positions in interest rate instruments, equities, foreign exchange, and commodities.

Types of Market Risk

Position Risk (General and Specific Risk): This is the sum of Interest Rate and Equity Risk. Specific risk occurs when a price of an instrument changes due to factors related to its issuer or, in the case of a derivative, the issuer of the underlying instrument, whilst General risk arises due to a change in the level of interest rates (when traded debt instrument) or to a broad equity-market movement unrelated to any specific attributes of individual securities.

The Company is substantially 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, has no other significant interest-bearing financial assets or liabilities or any investments in interest rate sensitive assets.

Nonetheless, the Risk Manager monitors this risk with the assistance of the accounting function and based on the fluctuations of the relevant rates.

The Company is also analyzing on a frequent basis though tailored-made stress tests the Company's potential financial impact from the deterioration of major equity prices and assess its recovery options under the abovementioned scenarios in order to ensure that the Company will be able to recover under periods of extreme external circumstances.

Commodities Risk: It refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. These commodities may be oil, metals, gas, electricity, etc.

The Company is analyzing on a frequent basis though tailored-made stress tests the Company's potential financial impact from the deterioration of major commodity investments prices and assess its recovery options under the abovementioned scenarios in order to ensure that the Company will be able to recover under periods of extreme external circumstances.

Foreign Exchange Risk: It is the risk that exists when a financial transaction is denominated in a currency other than the reporting currency (Euro) of the Company. The Company's Foreign Exchange Risk is effectively managed through the establishment and control of foreign exchange limits, such as the setting of a maximum value of exposure to a particular currency pair, as well as through the utilization of sensitivity analysis.

Risk from crypto-asset holdings: The Company could trade on Contracts on Difference ('CFD') on crypto-assets; however, it did not provide any of these during the year ending 31 December 2022. Therefore, and in line with CySEC's Circular C462 regarding Pillar III Disclosures, the Company did not have any exposure amounts of crypto-assets or any capital requirements on such exposures for the financial year 2022.

3.3.Risk to Firm ('RtF')

Definition

Risk to Firm captures the risk an investment firm may be subject to through its activities and operations. The K-factors under RtF capture an investment firm's exposure to the default of its trading counterparties ('K-TCD'), the Concentration Risk resulting from an investment firm's Trading Book exposures to specific counterparties or groups of

connected counterparties ('K-CON'), and Operational Risks from an investment firm's trading activities (both Banking Book and Trading Book – 'K-DTF').

- **K-TCD** (Trading Counterparty Default) means the exposures in the Trading Book of an investment firm in instruments and transactions referred to in Article 25 of the IFR, which give rise to the risk of a counterparty's default. As of 31 December 2022, the Company was subject to K-TCD as a result of its open positions in CFDs.
- **K-DTF** (Daily Trading Flow) is 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 through the reception and transmission of client orders and through the execution of orders on behalf of clients which are already taken into account in the scope of client orders handled. For the referenced year, the Company's exposure to K-DTF arose from its trading activity in CFDs and real equities, which was performed by acting as Principal for executing its clients' trades and by opening its own, proprietary positions.
- **K-CON** (Concentration Risk) captures large exposures in the Trading Book to counterparties and groups of connected counterparties, including issuers of Trading Book financial instruments.

K-TCD

K-TCD captures the risks from trading counterparties failing to meet their obligations to the investment firm. K-TCD shall be based on the transactions recorded in the trading book of an investment firm dealing on own account, whether for itself or on behalf of a client. So, K-TCD is an own funds requirement designed to capture the risk of an investment firm's exposure to the default of its trading counterparties when dealing on its own account, either for itself or when executing client orders in the name of the firm. The Company calculates its K-TCD based on the provisions of Articles 25 to 32 of the IFR.

Risk Mitigation Measures

This factor reflects the Company's exposure to the default of its trading counterparties through its open positions in CFDs maintained with clients and selected counterparties, to which it acts as Principal.

The Company has established stop out limit for all account types, which allows it to close out a client's open position without their consent or any prior written notice, in case where the client's equity (as defined by the Company's terms of business) is below the stop out limit.

K-DTF

K-DTF applies to the Company and it reflects the Operational Risks incurred when executing trades in FX, equity, stock index and commodity CFDs as well as real equities on a Principal basis (on its own account or on behalf of clients in its own name), due to inadequate or failed processes, people, and systems, or from external events.

Operational Risk is defined by the Basel Committee for Banking Supervision as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events”. The main sources of Operational Risk include inadequate operational processes, IT security, dependence on key service providers and implementation of strategic change, fraud, human error, recruitment training and retention of staff.

Risk Mitigation Measures

The Company’s systems and controls are evaluated, maintained, and upgraded continuously. Furthermore, the Company has a “four-eye” structure and Board oversight ensuring the separation of power and authority regarding vital functions of the Company. Also, the Company has in place policies and processes whose implementation supports the evaluation and management of almost 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.

K-CON

K-CON is an additional own funds requirement, which only applies to exposures in the trading book for investment firms, which deal on own account, or execute orders on behalf of clients in the name of the investment firm. The K-CON aims to provide additional own funds for managing concentration risk to a single counterparty or group of connected counterparties.

The investment firms shall monitor and control their concentration risk and where the trading book exposures with regard to a client or group of connected clients exceeds the limits as set out in the IFR shall meet an own funds requirement in accordance to Article 39 of the IFR and shall notify the competent authorities of the excess, the name of the individual client concerned and where applicable the group of connected clients concerned without delay as per Article 38 of the IFR.

As per Article 37 of the IFR these limits are in line with those set out for large exposures purposes in the CRR and are:

- 25% of own funds of the investment firm in case of an individual client or group of connected clients other than credit institution or investment firm.

- The higher of 25% of own funds of the investment firm or EUR150 million where individual client is a credit institution or investment firm or where a group of connected clients includes one or more credit institutions or investment firms. However, where the EUR150 million is higher than the 25% of own funds of the investment firm, the applicable limit shall not exceed 100% of the investment firm's own funds.

The Company is required to report and monitor its trading book Large Exposures on a quarterly basis. As at 31st December 2022, the Company did not have trading book exposures which exceeded the allowable thresholds as per Article 37 of the IFR and thus the Company was not subject to K-CON requirement.

4. ADDITIONAL SIGNIFICANT RISKS

4.1. Liquidity Risk

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

According to Article 43 of IFR, the Company is required to maintain a basic Liquidity Requirement equal to at least one third of its Fixed Overhead Requirement. As of 31 of December 2022 the Company satisfied the Liquidity Requirement.

Risk Mitigation Measures

To minimize its exposure to Liquidity Risk, risk adequate buffers are in place in order to be able to support its costs and liabilities during periods of less than expected trading income due to low market volatility.

The Company has daily monitoring of Client funds and weekly monitoring of own and client cash balances across all the banks. Furthermore, client and own funds are break downed across at least two reputable banks, to decrease and diversify the credit risk.

Also bank and countries ratings (as per Moody's) are monitored regularly to be able to proceed with necessary actions, decrease/increase of limits or cash movements in case of credit risk change.

4.2. Money Laundering and Terrorist Financing Risk

Money laundering and Terrorist Financing Risk mainly refers to the risk where the Company may be used as a vehicle to launder money and/or assist/involved in financing terrorism.

The Company has in place and is updating as applicable, certain policies, procedures, and controls in order to mitigate the Money Laundering and Terrorist Financing Risks. Among others, these policies, procedures, and controls include the following:

- (a) the adoption of a risk-based approach that involves specific measures and procedures in assessing the most cost effective and appropriate way to identify and manage the Money Laundering and Terrorist Financing Risks faced by the Company;
- (b) the adoption of adequate Client due diligence and identification procedures in line with the Clients' assessed Money Laundering and Terrorist Financing Risk,

- (c) setting certain minimum standards of quality and extent of the required identification data for each type of Client (e.g., documents from independent and reliable sources, third party information);
- (d) obtaining additional data and information from Clients, where this is appropriate and relevant, for the proper and complete understanding of their activities and source of wealth and for the effective management of any increased risk emanating from a particular Business Relationship or an Occasional Transaction;
- (e) monitoring and reviewing the business relationship or an occasional transaction with clients and potential clients of high risk countries;
- (f) ensuring that the Company's personnel receive the appropriate training and assistance.

The Company has reviewed its policies, procedures, and controls with respect to money laundering and terrorist financing to ensure compliance with the applicable legislation and incorporated, as applicable, any new information issued/available in this respect.

4.3. Business (Strategic) Risk

Strategic Risk is the risk of a potential earnings downside due to revenues and/or costs underperforming plan targets. Strategic Risk may arise from poor strategic positioning, failure to execute strategy or lack of effective responses to material negative plan deviations caused by either external or internal factors (including macro, financial and idiosyncratic drivers). Strategic Risk has been defined as part of overall Business Risk.

The key aim of Strategic Risk Management is to strengthen the Company's earnings resilience and protect it against undue earnings volatility to support overall risk appetite targets (especially Total Own Funds ratio). The Company aims to achieve this by identifying, assessing, limiting, mitigating, and monitoring key strategic risks through:

- **Corporate Diversification:** The Company's growth strategies will be formulated to achieve both economic value creation and diversification benefit.
- **Strategic Alignment and Core Competence Focus:** The Company will focus on business investments that are consistent with our overall strategy and core competencies.
- **Customer Experience:** The Company strives to offer a superior customer experience both online and in-service centers.

4.4. Reputational Risk

Within the risk management process, the Company defines reputational risk as the risk of possible damage to the Company's brand and reputation, and the associated risk to earnings, capital, or liquidity, arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with the firm's values and beliefs.

The Company aims to achieve this by identifying, assessing, limiting, mitigating, and monitoring key reputational risks through:

- **Customer Perspective:** The Company will enhance our customers' experience when doing business with us and address any issues in a timely and effective manner.
- **Employee Perspective:** The Company will strive to be the employer of choice in its industry and maintain a high level of employee satisfaction.
- **Shareholder Perspective:** The Company will deliver superior shareholder returns and create significant shareholder value by allocating capital to the highest risk-adjusted return opportunities.
- **General Public and Media Coverage:** The Company will closely follow coverage in the press, social media, and other public forums to monitor reputational risk levels.

While every employee has a responsibility to protect the Company's reputation, the primary responsibility for the identification, assessment, management, monitoring and, if necessary, referring or reporting, of reputational risk matters lies with Senior Management. Each employee is under an obligation, within the scope of his/her activities, to be alert to any potential causes of reputational risk and to address them according to the Framework. If a potential reputational risk is identified, it is required to be referred for further consideration from the Senior Management. In the event that a matter is deemed to carry a material reputational risk, it must be reported to the BoD.

5. CORPORATE GOVERNANCE

5.1. Board of Directors

Further to the provisions of Section 10 emanating from the Law, the Company has taken into consideration the relevant provisions when identifying its Board. The Company's members of the Board reflect an adequately broad range of experiences and:

- Have sufficiently good repute and possess sufficient knowledge, skills and experience to perform their duties.
- Commit sufficient time to perform their functions in the Company.
- The number of directorships held by each member of the Board does not compromise the time devoted to the Company. In all cases the Company's Board members do not hold more than one executive directorship with five non-executive directorships at the same time.
- 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.

The members of the Board collectively possess adequate knowledge, skills and experience to be able to understand the Company's activities, including the principal risks. The Company devotes adequate human and financial resources to the induction and training of members of the Board, as well as to the rest of the Company's employees. The current members of the Board of Directors consist of two executive directors and two independent non-executive directors.

Table 3 below presents the number of directorships held by each member of the Company's Board of Directors in other entities. Directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below. Executive or non-executive directorships held within the same group, are considered as a single directorship.

Table 3: Board of Directors

Name of Directors	Position in Forextime Limited	No. of Executive Directorships in other entities	No. of Non-Executive Directorships in other entities
Nicholas Defteras	Executive Director	-	2
Charis Mountis	Executive Director	1	-
Philippos Mannaris	Independent Non-Executive Director	1	2
Yiannis Misirlis	Independent Non-Executive Director	1	1

It is noted that Mr. Charis Mountis resigned on 4 November 2022 and on 10 February 2023 the Company appointed Ms. Lulwa Sami Jundi as an Executive Director.

5.2.Diversity Policy of the Board of Directors

Diversity is increasingly seen as an asset to organizations and linked to better economic performance. It is an integral part of how we do business and imperative to commercial success. The Company recognizes the value of a diverse and skilled workforce and 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 practises in the Corporate Governance Code of many EU countries.

The Company recognizes the benefits of having a diverse BoD which includes and makes use of differences in the skills, experience, background, race, and gender between directors. A balance of these differences will be considered when determining the optimum composition of the BoD.

The Company considers that the Board currently has a balanced and diverse range of skills, background, knowledge and experience and it aims to have board members with knowledge and experience in operational, corporate governance, financial, IT, software development, risk management, compliance, legal, marketing and sales matters.

During the previous year, 2022, the Company did not achieve its target of 20% female representation in the Board. However, from February 2023 the Company has increased the female representation on its Board after the appointment of Ms. Lulwa Sami Jundi as an Executive Director.

5.3.Governance arrangements

Overall, the Company's governance arrangements comply with the below requirements, as set out in the Law:

- The Board defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Company. This includes the segregation of duties in the organization and the prevention of conflicts of interest.
- The overall responsibility for the Company lies with the Board, which approves and oversees the implementation of the Company's strategic objectives, risk prevention strategy and internal governance.
- the Board ensures the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the Law and relevant standards.
- The Board oversees the process of disclosure and announcements.
- The Board is responsible for providing effective supervision of senior management.

- the Chairman of the Board of Directors is one of the independent non-executive directors of the Company.
- the Company's Board monitors and periodically assesses the effectiveness of the Company's governance arrangements and takes all appropriate steps to address any deficiencies.

Taking into consideration the Company's size as well as the fact that the Company's on -and off- balance sheet assets is lower than EUR 100 million over the four-year period immediately preceding the given financial year, categorizing it as a non-significant CIF as per the provisions of CySEC Circular C487, the Company's Board decided that currently there is no need for a Nomination, Risk or a Remuneration Committee to be set up. Furthermore, since the Company is not a significant CIF it is not required to disclose any details regarding its Investment Policy, nor Environmental, Social and Governance Risks outlined in Articles 52 and 53 of the IFR respectively.

6. OWN FUNDS

As per the new rules, investment firms are required to maintain own funds consisting of the sum of their Common Equity Tier 1 ('CET1') capital, Additional Tier 1 capital and Tier 2 capital, and shall meet all the following conditions at all times:

- (a) CET1 Capital of at least 56% of Own Funds Requirements;
- (b) CET1 Capital and Additional Tier 1 Capital of at least 75% of Own Funds Requirements;
- (c) CET1 Capital, Additional Tier 1 Capital and Tier 2 Capital of at least 100% of Own Funds Requirements.

The following information provides a reconciliation between the balance sheet presented in Financial Statements and the balance sheet prepared for prudential purposes. The two tables have been prepared using the format set out in the Final Report on the Draft Implementing Standards issued by the EBA on reporting and disclosure requirements of investment firms under the IFR (EBA/ITS/2021/02).

Table 4: Template EU IF CC1.01 - Composition of regulatory own funds

Ref.	Common Equity Tier 1 capital: instruments and reserves	Amounts (€'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements (Cross Reference to EU IF CC2)
1	OWN FUNDS	7.699	
2	TIER 1 CAPITAL	7.699	
3	COMMON EQUITY TIER 1 CAPITAL	7.699	
4	Fully paid-up capital instruments	32.261	Ref. 1 (Shareholders' Equity)
6	Retained earnings	(24.123)	Ref. 2 (Shareholders' Equity)
10	Adjustments to CET1 due to prudential filters	-	
17	(-) Losses for the current financial year	(340)	Ref. 2 (Shareholders' Equity)
19	(-) Other intangible assets	(5)	Ref. 1 (Assets)
27	CET1: Other capital elements, deductions, and adjustments	(94)	Ref. 2 & 3 (Assets)
28	ADDITIONAL TIER 1 CAPITAL	-	
40	TIER 2 CAPITAL	-	

Table 5: Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements.

		Balance sheet as in audited financial statements	Cross reference to EU IF CC1
		As at 31 Dec 2022 (€'000)	
Ref.	Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements		
1	Intangible assets	5	Ref. 19
2	Trade and other receivables (Investors Compensation Fund)	86	Ref. 27
3	Bank Deposits and cash in hand (Additional cash buffer)	8	Ref. 27
4	Non-current assets (Other)	357	
5	Trade and other receivables	3.320	
6	Refundable taxes	80	
7	Bank Deposits and cash in hand	4.419	
	Total Assets	8.275	
Ref.	Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements		
1	Current Liabilities	477	
	Total Liabilities	477	
Ref.	Shareholders' Equity		
1	Share capital	32.261	Ref. 4
2	Accumulated losses/Retained earnings	(24.463)	Ref. 6 & Ref. 17
	Total Shareholders' equity	7.798	

7. CAPITAL REQUIREMENTS UNDER PILLAR I

The primary objective of the Company with respect to its capital management is to ensure that the Company complies with the capital requirements regulation imposed by the European Union and regulated by CySEC. Under this framework, the Company needs to monitor its capital base and maintain a strong capital adequacy ratio in order to be able to promote itself as a fully compliant and healthy Company, to support its business and maximize shareholders' value. In this respect, the Capital requirements should not be seen as a restriction of business, but rather as proactive risk management imposed to help both the Company and its client base.

The fundamental pillar of the capital adequacy framework, Pillar I, is based on the fact that the Company must have own funds which are at all times more than or equal to the sum of its capital requirements.

The Company's Minimum Capital Requirements as at 31st of December 2022, were the following:

Table 6: Minimum Capital Requirements

Minimum Capital Requirements		31 Dec 2022 (€'000)
K-Factor Requirement		
Risk-to-Client (RtC)	K-AUM	-
	K-CMH	15
	K-ASA	-
	K-COH	-
Risk-to-Market (RtM)	K-NPR	495
	K-CMG	-
Risk-to-Firm (RtF)	K-TCD	47
	K-DTF	2
	K-CON	-
Total K-Factor Requirement		559
Fixed Overhead Requirement		1.812
Permanent Minimum Capital Requirement		750

The IFR/IFD framework introduces a different approach for calculating the Minimum Capital Requirements, which for Class 2 investment firms dictates that they are derived by taking the highest of the Fixed Overhead Requirement ('FOR'), the Permanent Minimum Capital Requirement ('PMCR') and the K-factors that apply to each investment firm.

According to Article 13 of the IFR, the FOR shall amount to at least one quarter of the fixed overheads of the preceding year. The Fixed Overheads Requirement of the Company as of 31 December 2022 amounted to €1.812K.

Also, in accordance with Article 14 of the Directive, the PMCR of the Company as of 31 December 2022 was equal to €750K.

The BoD, as well as the Risk Manager, monitor the reporting requirements and have policies and procedures in place to help meet the specific regulatory requirements. This is achieved through the preparation of accounts to monitor the financial and capital position of the Company.

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.

Table 7 below indicates that the Company has excess capital of above the minimum which is required to hold. This is reflected by a Capital Adequacy Ratio of 424,99%, which is above the minimum threshold of 100% set out in Article 9(1)(c) of IFR.

Table 7: Capital Excess/Ratio

31 Dec 2022	(€'000)	Reference
Capital		
Common Equity Tier 1	7.699	
Additional Tier 1	-	
Tier 2	-	
Total Own Funds	7.699	a
Own Funds Requirement		
K-factor Requirement	559	b
Fixed Overhead Requirement	1.812	c
Permanent Minimum Capital Requirement	750	d
Minimum Own Funds Requirement	1.812	e = (higher of b, c, d)
Capital Excess/Ratio		
Capital Excess	5.887	a-e
Capital Ratio	424,99%	a/e

8. REMUNERATION POLICY AND PRACTICES

Remuneration refers to payments or compensations received for services or employment. The Company has established and implemented a Remuneration Policy ('the Policy') which is applicable for its employees as well as its Senior Management. Based on the above, the Policy includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment and shall be appropriate to the Company's size, internal organization and the nature, the scope, and the complexity of its activities to the provisions of the Directive (EU) 2019/2034.

The Board of the Company is responsible among other things for the following:

- to evaluate the employees' performance;
- to review the staffing structures and organizational structures, as and if needed;
- to ensure the consistent and improved implementation of the conflicts of interest and conduct of business requirements under the Law in the area of remuneration. On the one hand, remuneration policies and practices should ensure compliance with the conflicts of interest requirements set out in Section 18(2)(b) and 29 of the Law; and on the other hand, they should also ensure compliance with the conduct of business rules set out in Section 36 of the Law;
- to monitor implementation of the remuneration policies and practices approved by the Board;
- to control risks that remuneration policies and practices create, if any risks are identified, these should be altered to Board of Directors;
- to ensure that the scope and purpose of the remuneration policies relate to categories of staff which include senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on their risk profile;
- to ensure that the remuneration of staff in control functions and senior officers in the risk management and compliance functions (specifically, staff engaged in control functions) should be independent from the business units they oversee, have appropriate authority and be remunerated according to the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The Company's Policies comply with the following principles, in a manner appropriate to its size, internal organization and the nature, scope and complexity of its activities:

- The Policy promotes sound and effective risk management and does not encourage risk-taking that exceeds the acceptable levels of tolerated risks of the Company.
- The Policy is in line with the Company's business strategy, objectives and values. The Policy has been designed to serve the Company's long-term interests, while it has incorporated measures to avoid conflicts of interest.
- The Board is responsible for ensuring the implementation of the Policy.

- The implementation of the Policy is reviewed at least annually, subject to independent internal review for compliance with policies and procedures adopted by the Board.
- The remuneration of the staff engaged in control functions is in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they oversee.
- The remuneration of the Senior Officers in the Risk Management and Compliance functions is directly overseen by the Board.

In relation to variable elements of remuneration, it is designed to ensure that the total remuneration remains at competitive levels thus rewarding the staff for their performance whilst remaining aligned with the department's and/or the Company's performance and long-term targets.

The total remuneration of specific employees (i.e., sales and dealing on own account departments) consists of fixed remuneration and possible variable remuneration components. The principals of the current variable remuneration for these categories of employee, are based on quantitative individual and collective business targets, client satisfaction (e.g., number of client complaints) and compliance monitoring of mis-selling practices (qualitative criteria).

In addition to the aforementioned principles, the following principles for variable elements of remuneration shall also apply:

- Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned. The overall results of the Company when assessing individual performance and financial and non-financial criteria are also taken into account.
- The assessment of the performance is set in a multi-year framework in order to ensure that the assessment process is based on long-term performance. The actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the Company and its business risks.
- The total variable remuneration does not limit the ability of the Company to strengthen its capital base.
- guaranteed variable remuneration is not consistent with sound risk management or the pay-for-performance principle and shall not be a part of prospective remuneration plans.
- guaranteed variable remuneration is exceptional, it only occurs when hiring new staff and where the Company has a sound and strong capital base and is limited to the first year of employment.
- fixed and variable components of total remuneration are appropriately balanced, and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable

remuneration components. This includes the possibility to pay no variable remuneration.

- the Company sets the appropriate ratios between the fixed and the variable component of the total remuneration, whereby the following principles shall apply:
 - the variable component shall not exceed 100 % of the fixed component of the total remuneration for each individual.
 - The Shareholder of the Company may approve a higher maximum level of the ratio between the fixed and variable components of remuneration, provided the overall level of the variable component shall not exceed 200 % of the fixed component of the total remuneration for each individual.
 - Any approval of a higher ratio in accordance with the aforementioned point is carried out, taking into consideration the provisions of Article 32 of the Directive.
- the Company may apply the discount rate to a maximum of 25 % of total variable remuneration, provided it is paid in instruments that are deferred for a period of not less than five years.
- payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct.
- remuneration packages relating to compensation or buy - out from contracts in previous employment, must align with the long-term interests of the Company, including retention, deferral, performance and claw back arrangements.
- the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components, includes an adjustment for all types of current and future risks and takes into account the cost of the capital and the liquidity required.
- The allocation of the variable remuneration components within the Company also takes into account all types of current and future risks.
- the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Company as a whole, and justified on the basis of the performance of the Company, the business unit and the individual concerned.
- without prejudice to the general principles of national contract and labor law, the total variable remuneration shall generally be considerably contracted, where subdued or negative financial performance of the Company occurs. This will take into account both current remuneration and reductions in payouts of amounts previously earned, including through malus or claw back arrangements.
- Up to 100 % of the total variable remuneration shall be subject to malus or claw back arrangements. The Company sets specific criteria for the application of malus and claw back. Such criteria cover situations where the staff member:
 - participated in or was responsible for conduct which resulted in significant losses to the Company.
 - failed to meet appropriate standards of fitness and propriety.
- The pension policy is in line with the business strategy, objectives, values and long-term interests of the Company.

- staff members are required to undertake not to use personal hedging strategies or remuneration- and liability- related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.
- variable remuneration is not paid through vehicles or methods that facilitate the noncompliance with this Directive or Regulation (EU) 2019/2033.

Table 8 presents the aggregated quantitative information on remuneration, broken down by executive and non-executive directors and members of staff whose actions have a material impact on the risk profile of the investment firm.

Table 8: Remuneration Figures for 2022

Remuneration Figures as of 31 December 2022	No. of staff during 2022	Annual Remuneration (EUR'000)		
		Fixed	Variable	Total
Executive directors	2	288	148	436
Non-executive directors	2	59	-	59
Other Staff	9	581	181	762
Total	13	928	329	1.257

During the financial year 2022, the Company did not pay or award any deferred remuneration, severance payment or guaranteed variable remuneration. The Company also did not award any deferred remuneration or severance payment for/in previous performance periods.

The variable remuneration paid by the Company during the aforementioned period, was entirely in the form of cash.

The Company benefits from the derogation laid down in IFD Article 32(4) since the value of its on and off-balance sheet assets is on average less than EUR 100 million over the four-year period immediately preceding the given financial year (i.e., not-Significant CIF).

Appendix 1 - Specific References to IFR

IFR Ref	High Level Summary	Compliance Reference
<i>Scope of disclosure requirements</i>		
46(1)	Requirement to publish Pillar III disclosures.	Section 1.1
46(2)	Disclosure of information regarding Risk Management Objectives and Policies, Own Funds, and compliance with the Capital Requirements.	Sections 2.1, 6, 7
<i>Risk management objectives and policies</i>		
47	Disclosure of risk management objectives and policies for each separate category of risk	Section 3, 4
<i>Governance</i>		
48 (a)	Disclosure of the number of directorships held by members of the management body	Section 5.1
48 (b)	Disclosure of the policy on diversity with regard to the selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved	Section 5.2
48 (c)	Disclosure of whether or not the investment firm has set up a separate risk committee and the number of times the risk committee has met annually	Section 5.3
<i>Own Funds</i>		
49 (1) (a)	Disclosure of information regarding the own funds of investment firms	Section 6, 7
49 (1) (b)		
49 (1) (c)		
49(2)	EBA shall develop implementation standards for points (a), (b), (c) above	
<i>Own Funds Requirements</i>		
50(a)	Summary of investment firm's approach to assessing adequacy of capital levels.	Section 7
50(b)	Result of ICARA on demand from competent authority.	Section 2.6
50(c)	K - factor requirements calculated, in accordance with Article 15 of this Regulation, in aggregate form for RtM, RtF, and RtC, based on the sum of the applicable K - factors	Sections 3, 7
50(d)	Fixed overheads requirement determined in accordance with Article 13 of this Regulation	Section 7
<i>Remuneration Policy and Practices</i>		
51	Remuneration Policy	Section 8
<i>Investment Policy</i>		
52	Investment Policy	N/A - Section 5.3
<i>Environmental, social and governance risks</i>		
53	Environmental, social and governance risks	N/A - Section 5.3

Appendix 2 – Risk appetite statement

Willingness to accept risk – Appetite	
Risk Category	
Regulatory Capital	<p>Company's appetite for Regulatory risk is low. The Company shall always satisfy the below ratios:</p> <ul style="list-style-type: none"> • CET1/Own Funds requirements to be above 56.00%. • TIER 1/Own Funds requirements to be above 75.00%. • Own Funds/Own Funds requirements to be above 100.00%. <p>where the Company's Own Funds requirement is defined as the highest of the following:</p> <ul style="list-style-type: none"> • Fixed overheads requirement of the preceding year. • Permanent Capital requirement of EUR750,000. • K- factor requirement. <p>The Company shall always comply with its RTA requirement.</p>
Market Risk	<p>The Company distinguishes between two substantially different types of market risk:</p> <ul style="list-style-type: none"> • Trading market risk arises primarily through the Company's dealing on own activities. This involves taking positions in debt, equity, foreign exchange, and commodity CFDs. The Company's appetite for trading market risk is medium. • Non-trading market risk arises from market movements, in the Company's banking book. This includes mainly foreign exchange risk. The Company is exposed to foreign exchange risk, which arises from the Company's non-trading asset and liability positions, which are not denominated in the Company's reporting currency. The Company's appetite for non-trading market risk is medium.
Operational Risk	<p>The Company's appetite for Operational risk is low. Operational risk is one of the major risks faced by the Company, which arises from errors, fraud or disruptions of service which might lead to monetary or reputation cost. The Company monitors its Operational risks through a range of controls, which are designed in such a way to enable the Company to identify them at their early stages. The Company maintains and updates a risk register on a regular basis as part of its ICARA process.</p>
Reputational Risk	<p>The Company's appetite for Reputational risk is low. A threat or danger to the good name or standing of the Company. Reputational risk can occur through a number of ways: directly as the result of the actions of the Company itself, indirectly due to the actions of an employee or employees, or tangentially through other peripheral parties, such as customers, counterparties, or regulators. Reputational risk affects the Company's ability to maintain existing or establish new business relationships and leads to a loss of revenue or litigation. The Company is highly sensitive to reputational issues and strives to keep its customers satisfied, maintain good relationships with other counterparties and comply with all relevant laws and regulations.</p>
Legal and Compliance Risk	<p>The Company's appetite for Legal and Compliance risk is low. The Company will uphold its legal obligation regarding fair access to financial services for consumers. Legal risk consideration is multi-faced, complex, and span the entirety of Company's operations. The need for legal judgement necessitates decision-making to be transparent, supported, and subject to appropriate governance processes. The Company has no risk appetite for non-compliance with the applicable laws and regulations.</p>
Concentration Risk	<p>The Company's appetite for large trading exposures is low. The Company shall monitor its trading book exposures on a frequent basis and ensure that none of its trading book exposures exceed the allowable limits as defined in Article 37 of the IFR.</p>
Liquidity requirement	<p>Company's appetite for Liquidity requirement is low. The Company's liquid assets shall always amount to at least one third of its Fixed Overheads requirement of the preceding year.</p>

Appendix 3 – Main Features of Own Funds

		<i>Common Equity Tier 1 Capital</i>
1	Issuer	Forextime Ltd
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	549300AOBWCBUX811R48
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
6	Amount recognized in regulatory capital	EUR 32.261.000
7	Nominal amount of instrument	EUR 32.261.000
8	Issue price	EUR 1 each
9	Redemption price	N/A
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	09/08/2012
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
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>	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
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	No
23	Noncumulative or cumulative	Non-cumulative
24	Convertible or non-convertible	Non-convertible
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	No
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	No
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A