



ROBOMARKETS LTD
171 Arch. Makarios III Ave. 3027, Limassol, Cyprus

PILLAR III DISCLOSURES

ROBOMARKETS LTD

In accordance with 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

YEAR 2023

Audited by BDO Ltd

Date of Report

May 2024

This document has been prepared for informational purposes only by Robomarkets Ltd (authorized and regulated by the Cyprus Securities and Exchange Commission under license number 191/13 dated 30 January 2013). The information herein is provided as at the date of this document and is subject to change without notice. No part of this document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This presentation is not an advertisement of securities or an offer or a solicitation of an offer to sell, exchange or otherwise transfer securities and is not intended to facilitate any sale, exchange or transfer of securities to any person or entity and does not form a fiduciary relationship or constitute advice. This document is not investment research.



General Notes

Robomarkets Ltd (hereinafter, the “Company”) has prepared the following disclosures based on the audited financial statements for the year ended 31 December 2023. While the information included in the Disclosures derives from the Company’s audited financial results, the Disclosures do not constitute the Company’s Financial Statements, nor do they constitute any form of contemporary or forward-looking record or opinion of the Company.

They are merely prepared to explain how the Company manages risks, under the requirements of the Cyprus Securities and Exchange Commission (hereafter referred to as “CySEC” or “the Commission”), and how much capital is assigned to these risks for their management.

The disclosures have been reviewed and approved by Senior Management, and they have been verified by the Company’s external auditor.

RoboMarkets Ltd has a subsidiary entity, RM Investment Bank Ltd. The disclosures are prepared on the solo basis due to the fact that the capital and liquidity position, risk profile and financial position prepared on the solo basis do not differ substantially from the data prepared on the consolidated basis.

Unless stated otherwise, all amounts are in thousands of Euro (“EUR” or “€”), the reporting currency of the Company. Numbers presented in parentheses represent negative amounts.



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1. GENERAL INFORMATION AND SCOPE OF APPLICATION

I. Principal Activities

Robomarkets Ltd (“the Company”) is licensed by CySEC as a financial services firm, under Cyprus Investment Firm (“CIF”) license number 191/13 and has a Legal Entity Identifier (LEI) number 213800DNRKVK9S3ASC71. The Company’s license was granted on 30/01/2013. The principal activities of the Company are the provision of investment and ancillary services to retail and institutional customers through trading platforms that enable online trading, in accordance with the provisions of the applicable legislation and requirements issued by the CySEC. More specifically, the Company is licensed for the following services and financial instruments:

Investment Services

- Reception and Transmission of orders in relation to one or more financial instruments;
- Execution of orders on behalf of clients;
- Portfolio Management;
- Dealing on Own Account;
- Provision of Investment advice.

Ancillary Services

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services;
- Foreign exchange services where these are connected to the provision of investment services;
- Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.

The investment products that are currently being offered by the Company include Contracts for Difference (“CFDs”) on currency pairs, stock instruments, etc.

The applicable prudential framework lies on three pillars which aim to support investment firms to operate in a manner that ensures the proper identification, quantification, monitoring, management and mitigation of risks. These pillars consist of:

- Pillar I, which sets out the minimum capital requirements that an investment firm is required to meet for its Risks to Clients, to the Market and to the Firm itself.
- Pillar II, which defines the risks that are not covered, fully or partially, by the Pillar I methodologies, and which are determined under the Internal Capital Adequacy & Risk Assessment (“ICARA”) Process.
- Pillar III, which requires the public disclosure of key information on an investment firm’s capital (Own Funds), minimum capital requirements, risk governance, risk management processes and remuneration, all of which lie at the core of the Company’s risk management framework.



Since 26th of June 2021, the Company has been subject to the capital adequacy and overall risk management requirements that arise from the investment firm European prudential framework, which consists of the EU Regulation 2019/2033 on the prudential requirements of investment firms (“Investment Firm Regulation” or “IFR”) and the EU Directive 2019/2034 on the prudential supervision of investment firms (“Investment Firm Directive” or “IFD”), as the latter has been harmonized into local legislation through the issuance of the Cyprus Law for the Prudential Supervision of Investment Firms (165(I)/2021).

The IFR & IFD rules focus on specific methodologies that investment firms are required to apply for quantifying their exposure to risk and deriving their Capital Adequacy ratio, as well as to their required level of initial capital, their ICARA Process and their Liquidity Requirement, among others.

II. Disclosure Policy

This document represents the Pillar III Disclosures of the Company as at the end of financial year 2023. The purpose of these disclosures is to provide information on the Company’s capital adequacy and liquidity position, as well as on the arrangements it has put in place to ensure the proper and prudent management of the risks that it faces. The following sets out the key items of the Company’s Pillar III Disclosure Policy:

a. Information to be disclosed

The aim of the Company’s Pillar III Disclosure Policy is to meet all required disclosure requirements as detailed in Part Six of the IFR.

b. Frequency

The Company discloses the information required by Part Six of the IFR on an annual basis, as prescribed by IFR Article 46.

c. Medium and location of publication

The Company’s Pillar III Disclosures are published on the Company’s website:

<https://www.robomarkets.com/about/company/regulation/>

d. Verification

The Company’s Pillar III Disclosures are subject to internal review and approval by the Compliance function and by the Board of Directors (the “Board”), while they also undergo independent review and verification by the External Auditor of the Company.

III. Scope of the Disclosures

The present disclosures are made on an individual basis. The Company’s financial statements as at 31 December 2023 were also prepared on an individual basis in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union.



Furthermore, the Company qualifies as a Class 2 investment firm based on the rules of the IFR & IFD prudential framework.

IV. Israel-Gaza conflict

The Israel-Gaza conflict has escalated significantly after Hamas launched a major attack on 7 October 2023. Companies with material subsidiaries, operations, investments, contractual arrangements or joint ventures in the war area might be significantly exposed. Entities that do not have direct exposure to Israel and Gaza Strip are likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war.

The Company has no business with Israel and Gaza. Nevertheless, the management will continue to monitor the situation closely and take appropriate actions when and if needed.



2. RISK MANAGEMENT AND GOVERNANCE OF THE COMPANY

I. The Board of Directors (“Board”)

The Board is responsible for overlooking the operations of the Company. With respect to the management of risk, it has overall responsibility for the establishment and oversight of the Company’s risk management framework.

The Company sets out to promote diversity in its management body with a goal to engage a broad set of qualities and competencies when recruiting members of the management body, to achieve a variety of views and experiences and to facilitate independent opinions and sound decision making within the management body.

The diversity of the management body shall cover the following areas:

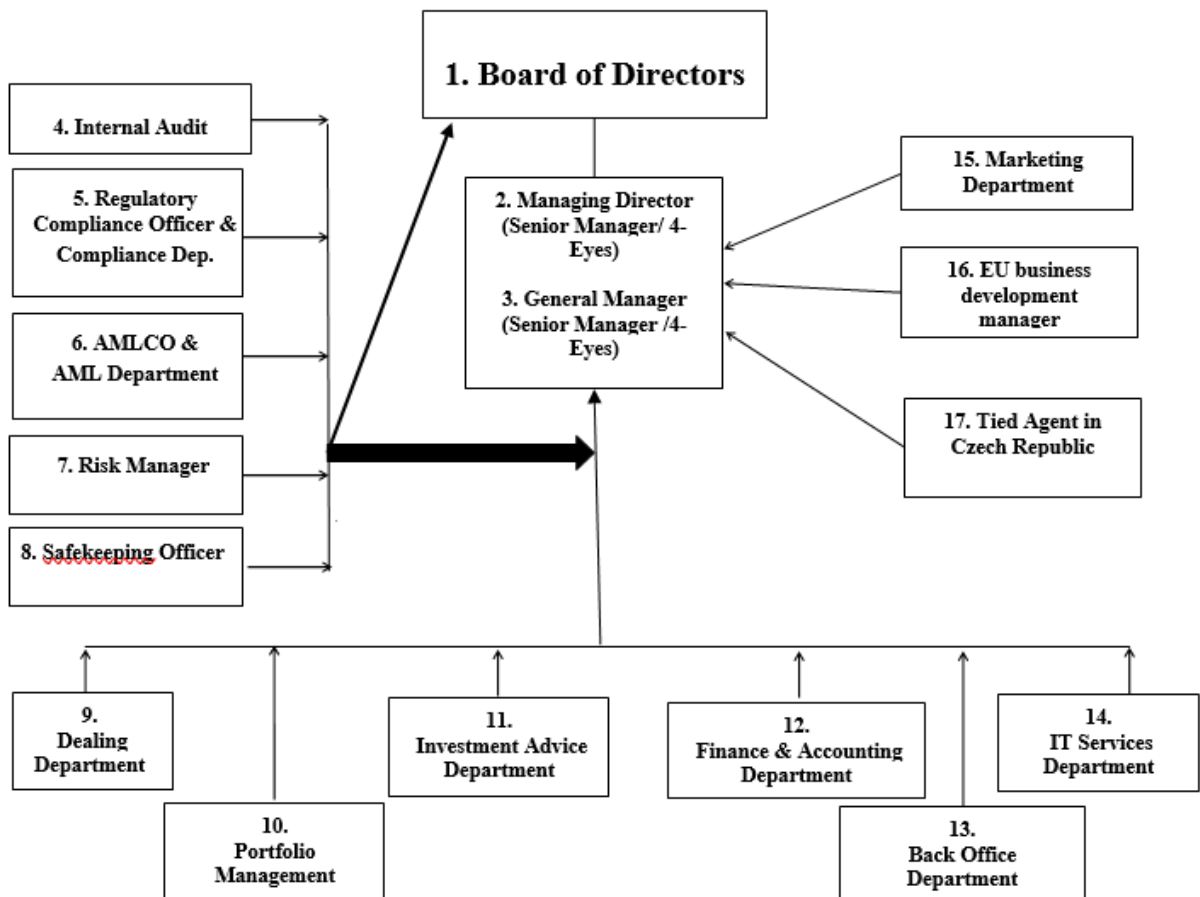
- a. Educational and professional background
- b. Gender
- c. Age, and
- d. Geographical provenance.

II. Board & Committee Structure

As at 31 December 2023, the Board of the Company comprised of two executive directors and two independent non-executive directors. The departments, presented in the following organizational structure, operated throughout the year.



ORGANIZATIONAL STRUCTURE 2023 *ROBOMARKETS LTD*



III. Number of directorships held by members of the Board

Table 1 below presents the number of directorships held by each member of the Company's Board in other entities, including the position held within the Company, as at the time of preparation of this Report. For the purposes of the below, executive or non-executive directorships held within the same group of companies are considered as a single directorship. In addition, directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account.



Table 1: Number of Directorships held by members of the Board

Name	Position within Robomarkets Ltd	Directorships Executive	Directorships Non-Executive
Mr. Vitaly Avtaykin	(Executive Director, part of “4-Eyes”, CY-based)	3	-
Mr. Nikolay Gerashchenko	(Executive Director, part of “4-Eyes”, CY-based)	1	-
Mr. Agamemnon Ioannides	(Independent, Non-Executive Director, CY-based)	1	2
Ms. Svetlana Saratova	(Independent, Non-Executive Director, CY-based)	-	1

Taking into consideration the fact that the Company’s on- and off-balance sheet assets are on average, over the last four financial years, lower than EUR 100 million, the Company does not satisfy the definition of a “Significant CIF”, as per the provisions of CySEC Circular C487.

IV. Duties of the Board of Directors

The main duties of the Board of the Company are:

- To carry the overall responsibility for proper implementation of the relevant laws and regulations;
- To formulate the Company’s business strategy in terms of the development of existing and new services and its presence in the local and international financial markets;
- To govern the Company by broad policies and objectives, formulated and agreed upon by the chief executives and employees;
- To ensure that sufficient resources are available to the Company to carry out its operations;
- To be responsible for the overall duties and responsibilities of the Anti-Money Laundering /Compliance Officer (AMLCO);
- To define, record and approve the general policy principles of the Company in relation to the prevention of money laundering and terrorist financing;
- To notify the Company’s policy for the prevention of money laundering and terrorist financing to the AMLCO;
- To approve the Company’s risk management policies and procedures;
- To establish a clear and quick reporting chain for transmission of information to the AMLCO;
- To assess the Anti-Money Laundering function;
- To assess and approve the annual report of the AMLCO;
- To assess the Internal Audit Department’s members and the efficiency of the mechanisms of internal control;
- To assess the Compliance Function;
- To evaluate and adopt strategies to improve the operation of the Internal Audit mechanism;
- To review written reports regarding Compliance, Risk Management and Internal Audit;



- To approve the Company’s financial statements;
- To review the Suitability Report prepared by the Company’s external auditors;
- To take decisions on important matters of the Company during Board meetings.

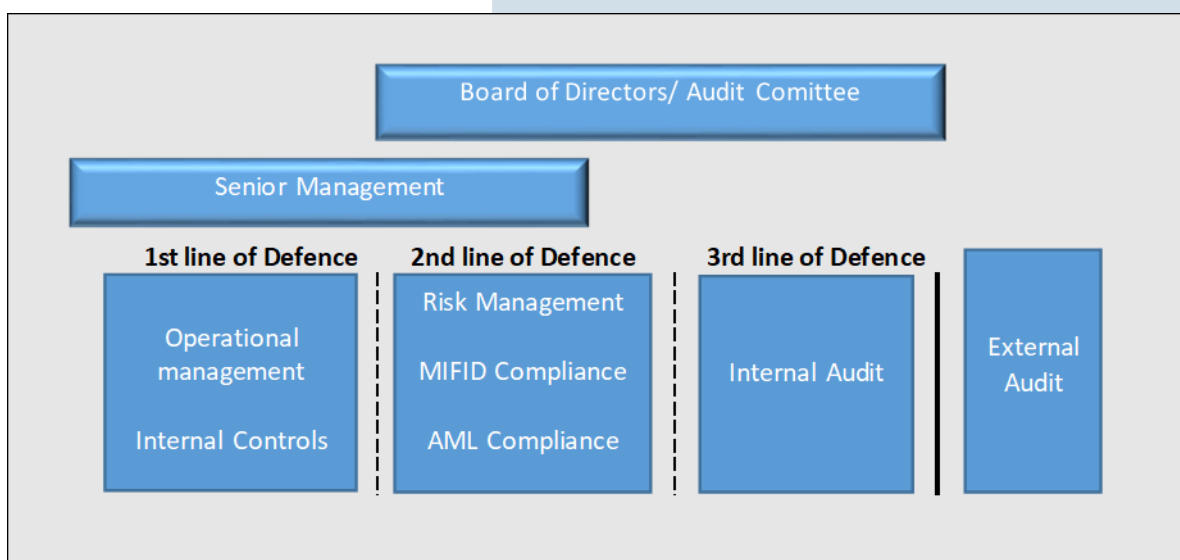
Also responsible for the Company’s internal control system and for the management of its risks are the following departments:

- Risk Management Department;
- Anti-Money Laundering Department;
- Compliance Officer;
- Internal Audit Function (outsourced);
- External Audit Function.

All five functions listed above report directly to the Board in regards of the audited outcomes of the Company’s operation, at least annually.

V. Three lines of defense

To prevent the risks which might impact its smooth operation and management, the Company has adopted the “three lines of defense” model of governance with clearly defined roles and responsibilities. The Company has a good risk management framework with the systems for identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating material risks that may affect its ability to achieve its objectives. The “three lines of defense” has become the standard model for identifying, managing and monitoring risks and uncertainty within the organization. The model has three lines (or barriers) of defense against the impact of risk, as illustrated below:



The first line represents staff on the frontline, those involved in day-to-day operations and directly exposed to the risks of the Company’s business. It is the first line of defense which is crucial for



all businesses, where everyone understands the risks they personally manage and are empowered and qualified to respond appropriately to these risks.

The second line is essentially the oversight function for the first line of defense, which sets and monitors the policies and procedures that the first line must comply with. It is the second line of defense which is crucial for controlling all internal procedures and complying with regulations. There are adequate managerial and supervisory compliance functions in place to ensure compliance and to highlight control breakdown, inadequate processes and unexpected events.

The third line is the supervising review of the effectiveness of the first and second lines by the Board and the independent auditors.

VI. Anti-Money Laundering

The AMLCO is a full-time employee that has been approved by CySEC, who reports directly to the Board and is responsible for:

- Designing the internal practices, measures, procedures and controls relevant to the prevention of money laundering and terrorist financing and describing and explicitly allocating the appropriateness and the limits of responsibility of each department that is involved in the abovementioned, based on the general policy principles set by the Board of Directors;
- Ensuring implementation of the procedures described in the Company's AML Procedures Manual;
- Implementing and maintaining adequate policies designed to detect any risk or failure by the Company to comply with its obligations;
- Implementing adequate measures and procedures designed to minimize the risk or failure by the Company to comply with its obligations, and monitoring and assessing the adequacy of such measures and procedures;
- Ensuring that Company employees attend training sessions on AML and terrorist financing procedures;
- Ensuring that all client accounts are opened only after the relevant pre-account opening due diligence and identification measures and procedures have been conducted, according to the principles and procedures set in the AML Procedures Manual;
- Ensuring compliance with high standards of AML practice in all markets and jurisdictions in which the Company operates;
- Ensuring the implementation of the "Know-Your-Client" procedures of the Company;
- Gathering information with regards to the new clients of the Company;
- Analyzing clients' transactions;
- Continuously improving the existing control procedures;
- Providing a written annual report to the Board on the matters of own responsibility, indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies;
- Closely cooperating with the Money Laundering Combat Unit of the Republic of Cyprus ("MOKAS") and electronically submitting the reports to this Unit.



VII. Regulatory Compliance Officer

The Regulatory Compliance Officer (or Compliance Officer) function is performed internally by the Compliance Officer who reports directly to the Board and is responsible for:

- Ensuring compliance with laws, regulations and directives issued by CySEC;
- Ensuring implementation of the procedures described in the Company's Internal Operations Manual ("IOM") as well as communicating the relevant statutes of the IOM to each employee and notifying them of any relevant changes therein that relate to their role and responsibilities in the Company;
- Monitoring and assessing the adequacy of the existing policies and procedures for detecting the risk of failure by the Company to comply with its regulatory obligations, as well as the associated risks, and making sure that the Company takes into account the nature, scale and complexity of its business and the nature and range of investment services and activities undertaken in the course of that business;
- Ensuring that Company employees attend training sessions on compliance with applicable laws, rules and regulations as well as verifying whether the staff in the area of investment services and activities hold the necessary level of awareness and correctly apply the Company's policies and procedures;
- Ensuring that all employees can identify cases of potential conflicts of interest and keeping records regarding conflict of interest situations, where relevant;
- Ensuring that the executive directors or other hierarchically higher officers do not exercise inappropriate influence over the way in which a relevant person carries out the provision of investment and ancillary services;
- Ensuring that the Company complies with its continuous obligations to CySEC (e.g. submission of Capital Adequacy returns, annual reports, notifications to CySEC regarding changes in the Company's structure, services, personnel, procedures, etc.) and reviews data submitted via the CIF Record at least once every six months;
- Evaluating how the introduction of any potential new services or activities by the Company could affect the Company and provide such requests to the Senior Management or the Board, as requested; Communicating with regulatory bodies;
- Assisting regulatory bodies in performing inspections of the Company's activities;
- Continuously improving the existing control procedures;
- Reviewing marketing communications and making sure that they have been prepared in accordance with legal requirements;
- Advising and assisting employees to comply with the Company's regulatory obligations;
- Developing the relevant policies and procedures in the area of investment services, activities and ancillary services and regular monitoring their adequacy and effectiveness;
- Recommending specific remedial measures, in case of detection of any weakness or failure by the Company to comply with its obligations under applicable laws and regulations;
- Consenting and approving the Company's Replacement Policy;



- Providing a written annual report to the Board on the matters of own responsibility, indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies.

VIII. Internal Audit

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

The Internal Auditor is separated and independent of the other functions and activities of the Company and cannot be combined with other control functions. The Internal Auditor bears the responsibility to:

- Establish, implement and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the Company's systems, internal control mechanisms and arrangements;
- Issue recommendations based on the results carried out in accordance with the previous point;
- Verify compliance with the recommendations of the previous point;
- Provide timely, accurate and relevant reporting in relation to Internal Audit matters to the Board and the Senior Management of the Company, at least annually.
- Assess and evaluate the presence and adequacy of a continuous audit trail in the Company.
- Review and assess the general compliance of the Company with the relevant CIF Organisational Structure and Operating Conditions requirements.
- Assess and evaluate the adequacy of the policies, practices, measures, procedures and control mechanisms applied by the Company for the prevention and suppression of money laundering and terrorist financing pursuant to the Directive of CySEC for the Prevention and Suppression of Money Laundering and Terrorist Financing.
- Inspect and examine the adequacy of the Company's basic accounting practices, financial information and safeguarding of clients' funds/ assets.
- Ensure compliance of the Departments/ Functions of the Company with the regulatory framework.
- Review other matters that came to the Internal Auditor's attention during the inspection, for which the Company's Board of Directors and Senior Management need to be aware of.
- Assess and report to the Board of Directors and Senior Management the Internal Auditor's major findings and recommendations.



IX. Risk Management

Duties of Risk Manager

The Board has appointed a Risk Manager to ensure that it remains in compliance with its relevant obligations under the applicable law and that all the necessary risk management procedures are in place. The Risk Manager reports to the Senior Management and to Board of the Company.

The Risk Manager is responsible, as necessary, for:

- Complying with and implementing the relevant provisions of the applicable law, relating to risk management issues;
- Requiring sufficient information from all the relevant departments of the Company, as applicable;
- Evaluating how the introduction of potential new services or activities by the Company could affect the risk management of the Company, and providing such requests to the Senior Management and/or the Board, as deemed necessary;
- Drafting written reports to the Senior Management and to the Board including recommendations and indicating in particular whether the appropriate remedial measures have been undertaken in the event of any deficiencies, at least annually. These reports are presented to the Board and discussed during its meetings, at least annually. The Company submits to CySEC the minutes of the meetings of the Board, during which the report of the Risk Manager has been discussed;
- Maintaining a record of all the counterparty risks and limits involved, where applicable.

Risk Culture

The Company is committed to cultivating a consistent risk culture throughout its business, where everyone understands the risks they personally manage and are empowered and qualified to respond appropriately to these risks. The Company also embraces a culture where the business areas are encouraged to take risk-based decisions, while knowing when to escalate or seek advice. The Company also promotes a culture where there is no fear of escalating bad news or emerging risks through. The Company has in place the measures and techniques to identify, assess and manage events, which may have an actual or potential negative impact on the customers, colleagues, operational capability, financial position or the reputation of the Company.

ICARA

The Company's capital management practice aims to ensure that the Company has enough capital to cover the risks associated with its activities at all times. The ICARA consists of the Company's internal views on material risks, their development, as well as risk measurement models, risk governance and risk mitigation. An appropriate level of capital and liquidity resources is maintained through a strategy that is linked to the overall business plan. By continuously monitoring and reporting the capital adequacy, liquidity levels and general risk levels to the Board, this ensures that the relationship between shareholders' equity, economic capital, liquid resources and regulatory and rating requirements is managed in such a way to ensure the survival of the Company. Therefore, the ICARA process is integrated into the business planning process, the



internal governance framework and the internal control system at the Company. The preparation of the ICARA report is the responsibility of the Risk Manager.

The Company performs the ICARA process annually with approval provided by the Board. The Company is in the process of updating the ICARA , ensuring that it will be prepared in accordance with the prudential framework for investment firms i.e., IFR & IFD and the Cyprus Law 165(I)/2021.

Risk Appetite

The Risk Appetite limits the risks that the Company can accept in the pursuit of its strategic objectives. The Company's Risk Appetite is formally reviewed annually and is monitored on an ongoing basis for adherence. The Company's strategy, business plan, capital and liquidity plans are set with reference to the Risk Appetite. The Risk Appetite was defined by the Management of the Company as part of the ICARA process, and is accompanied by the following key components:

- a. Risk Appetite;
- b. Basic orientation of Risk Types;
- c. Decision on the level of the application;
- d. Decision on the ICARA application method;
- e. Assessment of the group structure and business model/products/services of the Company;
- f. Assessment of the current political, economic and business environment.

The Company has zero tolerance towards internal fraud and non-compliance with regulatory requirements. Furthermore, the Company has low tolerance towards operational risks. To ensure a consistent approach towards the management of risk, the Company's strategy, business plan, capital and liquidity plans are set with reference to its Risk Appetite.



3. OWN FUNDS

I. Tier 1 and Tier 2 Capital

Own Funds (also referred to as capital resources) is the type and level of regulatory capital that must be held to enable the Company to absorb losses. The Company is required to hold Own Funds in sufficient quantity and quality in accordance with the IFR, which sets out the characteristics and conditions for the Own Funds.

The Board has ultimate responsibility for the Company's capital management and capital allocation and to this end, it is kept informed via a quarterly update on the capital and liquidity position of the Company.

As per the IFR & IFD rules, investment firms are required to maintain Own Funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, and shall meet all of the following conditions at all times:

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

The following information provides an analysis of the Own Funds of the Company as at 31 December 2023. The two tables have been prepared in accordance with the Pillar III templates established by the Commission Implementing Regulation (EU) 2021/2284 laying down implementing technical standards for the application of the IFR with regard to supervisory reporting and disclosures of investment firms.



Table 2: Template EU IF CC1 - Composition of Regulatory Own Funds

31 December 2023		Amounts (€'000)	Source based on reference numbers of the Balance Sheet in the audited Financial Statements (cross reference to Template EU IF CC2)
Ref.	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	OWN FUNDS	13.261	
2	TIER 1 CAPITAL	13.261	
3	COMMON EQUITY TIER 1 CAPITAL	13.261	
4	Fully paid up capital instruments	752	Ref.1 (Shareholders' Equity)
5	Share premium	50	Ref.2 (Shareholders' Equity)
6	Retained earnings	14.960	Ref.4 (Shareholders' Equity)
10	Adjustments to CET1 due to prudential filters	(1)	
11	Other funds	24	Ref.3 (Shareholders' Equity)
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(2.408)	
19	(-) Other intangible assets	(59)	Ref.1 (Assets)
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment	(2.349)	Ref.2 (Assets)
27	CET1: Other capital elements, deductions and adjustments	(116)	Ref.3 & 4 (Assets)
28	ADDITIONAL TIER 1 CAPITAL	-	
40	TIER 2 CAPITAL	-	



Table 3: Template EU IF CC2: Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the audited Financial Statements

Ref	Item Description	Balance sheet as in audited financial statements As at 31 Dec 2023 (€'000)	Cross reference to Template EU IF CC1
<i>Assets - Breakdown by asset classes according to the Balance Sheet in the audited Financial Statements</i>			
	Total Assets	18.026	
	of which:		
1	Intangible assets	59	Ref.19
2	Investments in subsidiaries	2.349	Ref.24
3	Trade and other receivables	91	Ref.27
4	Cash at bank and in hand	25	Ref.27
<i>Liabilities - Breakdown by liability classes according to the Balance Sheet in the audited Financial Statements</i>			
	Total Liabilities	2.240	
Shareholders' Equity			
	Total Shareholders' Equity	15.786	
	of which:		
1	Share Capital	752	Ref.4
2	Share premium	50	Ref.5
3	Other reserves	24	Ref.11
4	Retained Earnings	14.960	Ref.6

More information about the main features of the own instruments of the Company, can be found in Appendix 1.



4. CAPITAL REQUIREMENTS

I. Minimum Capital Requirements

According to the IFR & IFD framework, the calculation of the Minimum Capital Requirements for Class 2 investment firms is 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.

The Company's Minimum Capital Requirements as at 31st of December 2023 are analysed in the following table:

Table 4: Minimum Capital Requirements

Minimum Capital Requirements		31 Dec 2023 (€'000)
K-Factor Requirement		
Risk-to-Client (RtC)	K-AUM	-
	K-CMH	97
	K-ASA	-
	K-COH	-
Risk-to-Market (RtM)	K-NPR	897
	K-CMG	-
Risk-to-Firm (RtF)	K-TCD	317
	K-DTF	428
	K-CON	-
Total K-Factor Requirement		1.739
Fixed Overhead Requirement ('FOR')		3.505
Permanent Minimum Capital Requirement ('PMCR')		750
Total Minimum Capital Requirements		3.505

II. Fixed Overhead Requirement

According to Article 13 of the IFR, the FOR shall amount to at least one quarter of the fixed overhead expenses of the Company, based on the most recent audited annual financial statements. The FOR of the Company as at 31 December 2023 amounted to €3.505K.

III. Permanent Minimum Capital Requirement

In accordance with Article 14 of the IFR, the PMCR of the Company as at 31 December 2023 was equal to €750K. The Company's Own Funds exceeded the levels of initial capital required for



authorisation to conduct the relevant investment services included in the CIF license of the Company, which is reflected by the PMCR.

IV. Capital Excess Ratio

The Table below indicates that the Company has excess capital over the minimum that it is required to hold. This is reflected by a Capital Adequacy Ratio of 378,33%, which is above the minimum threshold of 100,00% set out in Article 9 of the IFR.

Table 5: Capital Excess Ratio

	31 Dec 2023 (€'000)	Reference
Capital		
Common Equity Tier 1	13.261	
Additional Tier 1	-	
Tier 2	-	
Total Own Funds	13.261	a
Own Funds Requirement		
K-factor Requirement	1.739	b
Fixed Overhead Requirement	3.505	c
Permanent Minimum Capital Requirement	750	d
Minimum Own Funds Requirement	3.505	e = (higher of b, c, d)
Capital Excess/Ratio		
Capital Excess	9.756	a-e
Capital Ratio	378,33%	a/e



5. TYPES OF RISK

I. Risk to Client (“RtC”)

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). In the ordinary course of business, the Company uses various control mechanisms in order to ensure that RtC is maintained at minimum levels. The Company has no significant concentration on RtC. The four k-factors under RtC are analysed in more detail below:

- 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 the services of portfolio management or investment advice during the year ending 31 December 2023, the Company was not subject to this risk.
- 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 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. Clients’ funds are kept in reputable credit institutions, in accounts classified as “segregated” 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 funds and accordingly such amounts are not presented in the Company's statement of financial position.
- 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. For the referenced financial year, the K-ASA factor did not apply since the Company did not provide safekeeping and administration on clients’ financial instruments (Note: the safeguarding of clients’ positions in CFDs, which is performed by the Company, is captured under K-CMH due to the inherent nature of CFDs).
- 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. For the year ended 31 December 2023, the Company executed its clients’ orders only on a principal basis (and not on their behalf as an agent), therefore it was not subject to this K-factor.



II. Risk to Market (“RtM”)

Risk to Market captures the risk that an investment firm can pose to market access. The K-factors that fall under the scope of RtM include Net Position Risk (K-NPR) and Clearing Margin Given (K-CMG), where the latter is used as an alternative to the former only upon permission by the competent authority and is relevant to 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. RtM changes in line with fluctuations in market prices, such as foreign exchange rates, interest rates, equity and commodity prices. These market prices affect the Company's income indirectly as a result of the increase or decrease in the clients’ activities, as well as the foreign exchange differences.

- 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 and/or Commodity Risk. 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.
- K-CMG (Clearing Margin Given) means the amount of total margin required by a clearing member or a 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 a qualifying central counterparty. K-CMG is an alternative to K-NPR to provide for the Market Risk for trades that are subject to clearing as set out in Article 23 of the IFR. This k-factor is not applicable to the Company as during 2023 it did not provide the service of clearing as per the above definition.

K-NPR

For calculating the K-factor for RtM, the Company makes use of the Standardised Approach that applies for Market Risk exposures under the CRR, in relation to its open trading positions in Interest Rate Instruments, Equities, Foreign Exchange and Commodities.

Types of Market Risk

- **Position Risk (General and Specific Risk)**

Interest Rate Risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to Interest Rate Risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to Cash Flow Interest Rate Risk. Borrowings issued at fixed rates expose the Company to Fair Value Interest Rate Risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.



Equity Risk is the risk of loss resulting from fluctuations in the price of stocks or changes that relate to the issuer of a share or the stock market in general. For the year ended 31 December 2023 the Company was subject to Market Equity Risk through its proprietary positions in equity CFDs and in stock index CFDs, opened with clients and selected counterparties.

- **Commodities Risk**

Commodities Risk arises from the positions of the Company in commodity financial instruments, which as at 31 December 2023 related specifically to precious metals, crude oil and crypto CFD products.

- **Foreign Exchange (“FX”) Risk**

FX Risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. FX Risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to FX Risk arising from various currency exposures primarily with respect to the US Dollar, the Australian Dollar, the Canadian Dollar, the British Pound and the Swiss Franc. FX Risk arises from the Company's assets and liabilities that are denominated and funded in a currency other than its reporting currency, as well as from the notional amounts of its FX and gold derivative positions. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

III. Risk to Firm (“RtF”)

Risk to Firm captures the risk an investment firm may pose to itself 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 single 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. The TCD 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.
- K-DTF (Daily Trading Flow) is the daily value of transactions that an investment firm enters into through dealing on own account or through the execution of orders on behalf of clients in its own name. This factor applies to the Company as it acts as Market Maker in executing its clients' transactions, and it reflects the Operational Risks incurred when executing trades in FX, equity, stock index and commodity CFDs on a Principal basis (on its own account or on behalf of clients on its own name). 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. The Company also has in place policies and processes whose implementation supports the evaluation and management of almost any exposures to Operational Risk.

- 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. In order to avoid high concentration and exposure to a small number of clients, the Company maintains a diversified client portfolio. Due to the fact that the open positions of the clients are mostly naturally offset against each other, the net exposure does not exceed the acceptable limits.

IV. Liquidity Risk

Liquidity Risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures for minimizing such losses, such as maintaining sufficient cash and other highly liquid current assets, and having available an adequate amount of committed credit facilities. The Company holds in separate accounts all the funds of its clients and therefore considers that its Liquidity Risk in relation to the funds of its clients is significantly low.

Furthermore, in accordance with Article 43 of the IFR, the Company is required to maintain an amount of liquid assets that does not fall below the Liquidity Requirement, which is calculated as the one third of its FOR amount. As at 31 December 2023, the Company's liquid assets amounted to €3.296K, exceeding its Liquidity Requirement which was calculated at €1.168K, thus satisfying the Liquidity Requirement.

The Balance Sheet Liquidity Risk is managed by the Accounting Department, which is responsible for planning and supervising asset flows on accounts.

V. Other Risks

In addition to the abovementioned risks, the Company has identified the following risks, which are also considered significant to its operations:

Business Process Risk

To better control and manage the risk that may arise from inadequate business processes, the Company has established a number of measures, which include but are not limited to the following:

- The Company has a four-eye structure and Board oversight, which ensures the separation of powers regarding the vital functions of the Company. The Board further reviews any decisions made by management and monitors their activities.
- Several controls are applied by the Accounting Department in order to detect incorrect activities.



- Senior Management ensures the accuracy of any statements, as well as that the information addressed to clients is fair, clear and not misleading.
- The Company has prepared a comprehensive business contingency and disaster recovery plan with recovery procedures and actions to be followed in the case of damage to any vital part of its structure.
- The Company obtains continuous legal advice and suggestions on the preparation of its legal documents and any issues that may arise relating to Compliance and Risk Management, with an aim to meet all legal and regulatory requirements and minimize any reputational impact by maintaining an effective control framework.

Technology Risk

The Company's operations are highly dependent on technology and advanced information systems. Its ability to provide its clients with reliable, real-time access to its systems is fundamental to the success of the business. Such dependency upon technology exposes the Company to significant risk in the event that such technology or systems experience any form of damage, interruption or failure. The Company has business continuity procedures and policies in place which are designed to allow it to continue trading in its core markets and its systems are designed to mitigate the risk of failure of any component.

Where the Company is dependent upon providers of data, market information, telephone and internet connectivity, the Company mitigates the risk of failure of any of these suppliers by ensuring that, where possible, multiple providers and data routes are utilized. To remain competitive, the Company must continue to enhance and improve the responsiveness, functionality, accessibility and other features of its software, network distribution systems and technologies.

Reputation Risk

Reputation Risk is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Company on the part of customers, counterparties, shareholders, investors or regulators. Reputation Risk could be triggered by poor performance, the loss of one or more of the Company's key directors, the loss of large clients, poor customer service, fraud or theft, customer claims, legal action or regulatory fines. The Company has policies and procedures in place when dealing with possible customer complaints in order to provide the best possible assistance and service under such circumstances. In addition, the Company's Directors comprise of high-caliber professionals who are recognized in the industry for their integrity and ethos, which adds value to the Company.

Strategic Risk

This could occur because 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 high as there are various regulatory requirements affecting EU investment firms, which restrict business activity in retail forex. However, the Company's Management has a strategy, as well as policies and procedures to minimize this type of risk.



Business Risk

Business Risk consists of the risk to earnings and capital arising from changes in the business environment, including the effects of deterioration in economic conditions. Research on economic forecasts is conducted with a view to minimize the Company's exposure to Business Risk.

Regulatory Risk

Regulatory Risk is the risk the Company faces by not complying with the relevant laws, regulations, directives, circulars and announcements to which it is subject. 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 CySEC. Compliance with these procedures and policies is further assessed and reviewed by the Company's Internal Auditor and Compliance Officer and suggestions for improvement are implemented by Management. The Internal Auditor and Compliance Officer evaluate and test the effectiveness of the Company's control framework at least annually. Therefore, the risk of non-compliance is considered to be minimized to the greatest extent possible.

However, there is a risk of overregulation, which might lead to the ceasing of the forex industry overall. The Company mitigates this risk by widening the range of instruments and financial markets offered to its clients.

Compliance Risk

Compliance Risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Company.

Litigation Risk

Litigation Risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Company to execute its operations.



6. REMUNERATION POLICY AND PRACTICES

The Company's Board is responsible for the adoption, periodic review and implementation of the Company's Remuneration Policy, which as of 5 May 2022, has been revised in order to be in line with:

- The ESMA Guidelines on certain aspects of the MiFID II remuneration requirements (ESMA35-36-2537) dated 31 March 2022;
- The EBA Guidelines on sound remuneration policies under Directive (EU) 2019/2034 (EBA/GL/2021/13) dated 22 November 2021; and
- Law 165(I)/2021 to provide for the Prudential Supervision of Investment Firms, dated 5 November 2021.

The responsible body for ensuring the implementation of the Company's Remuneration Policy is the Board. The responsibility of the Board is to prepare the decisions regarding the Remuneration Policy, including those which have implications for the risk management of the Company and to table the said decisions or proposals for final deliberation.

The Board is advised by the Compliance Officer in respect to the Company's Remuneration Policy, in order to ensure that any developments in the regulatory field are duly monitored and that the Remuneration Policy, as amended from time to time, properly reflects and complies with the provisions of the applicable legal framework.

The Remuneration Policy is subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function. The said review is performed at least on an annual basis by the Internal Audit and Compliance functions.

The Company determines only the fixed remuneration for all Relevant Persons stated in Part 3 of the Policy, which primarily reflects relevant professional experience and organizational responsibility as set out in an employee's job description, as part of his or her terms of employment.

In addition, as per the Remuneration Policy:

- The size of the remuneration shall be determined by the current labor market and shall be specified in the Employment or Service agreement concluded with the Relevant Person.
- The fixed remuneration is not performance-related.
- Variable components of the remuneration are not applicable in the Company.
- The Company does not have in place any bonus schemes.
- The Company does not provide for benefits for the employees or management, concerning retirement.
- The Company does not take advantage of any government aid.
- The employees with control functions are independent of the employees of the Company over whom they exercise control and are compensated according to the fixed remuneration.



The table below presents information on the aggregated quantitative remuneration paid by the Company during 2023, broken down by Senior Management and members of staff whose actions had a material impact on the risk profile of the Company:

Table 6: Salary of the Risk Takers (Gross)

Position/Role	Number of beneficiaries	Annual Remuneration (€'000)		
		Fixed	Variable	Total
Executive Directors	2	163	-	163
Non-Executive Directors	2	18	-	18
Other Staff	13	858	-	858
Total	17	1.039	-	1.039

Notes:

1) The "Other Staff" category includes Heads of the departments of Compliance, AMLCO, Risk, Dealing, Safekeeping/Finance, Corporate Lawyer, Portfolio Management, Marketing, Investment advice, Back office and Information Security, the Chief Accountant and the IT Manager.

During 2023 the Company did not provide any non-cash benefits and did not award any guaranteed variable remuneration. In addition, the Company did not pay or award any severance payments or deferred remuneration in 2023 or in previous performance periods, in vested or unvested portions.

The Company also does not benefit from the derogation laid down in Article 32(4) of the IFD.



Appendix 1 – Main Features of Own Funds

Table 7: Template EU IF CCA: Own Funds: Main features of own instruments issued by the Company

		Common Equity Tier 1 Capital
1	Issuer	Robomarkets Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private Placement
4	Governing law(s) of the instrument	Cyprus Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
6	Amount recognised in regulatory capital (as of most recent reporting date)	EUR 752.449
7	Nominal amount of instrument	752.449
8	Issue price	Various
9	Redemption price	N/A
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	1.000 shares at 14/8/2012 251.000 shares at 30/5/2013 100.449 shares at 27/6/2013 400.000 shares at 14/8/2014
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	N/A
23	Noncumulative or cumulative	N/A
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

(1) 'N/A' if the question is not applicable