MIFIDPRU 8 DISCLOSURES

OF

MERITKAPITAL LIMITED

for the year ended 2022

1 INTRODUCTION

As a MIFIDPRU Investment Firm, MeritKapital UK Limited (the 'Company', 'Firm' or 'MeritKapital') is obliged to publicly disclose qualitative and quantitative information that are appropriate to its size and internal organisation, and to the nature, scope and complexity of its activities.

The provisions for public disclosure are set out in MIFIDPRU 8 and this document has been produced in order to meet the disclosure obligations of MeritKapital. Unless otherwise stated, all figures are as at the Firm's 31 December 2022 financial year end. The disclosures are produced annually and are available on the Company's website www.meritkapital.co.uk.

2 BUSINESS OVERVIEW

The Company was incorporated in the United Kingdom as a private liability company with registration number 09779913 and it is authorised by the Financial Conduct Authority ('FCA') with licence number 720609 to offer the following regulated activities:

- Advising on investments (except on Pension Transfers and Pension Opt Outs)
- Arranging (bringing about) deals in investments
- Dealing in investments as agent
- Dealing in investments as principal
- Making arrangements with a view to transactions in investments
- Safeguarding and administration of assets (without arranging)
- Agreeing to carry on a regulated activity

Further to the above, the Company is allowed to offer the above services for the following instruments for professional clients and eligible counterparties:

- Debenture
- Government and public security
- Rights to or interests in investments (Security)
- Share

3 CLASSIFICATION

As per the provisions of MIFIDPRU, all UK Investment Firms are classified either as Small and Non-Interconnected ('SNI') and Non-Small and Non-Interconnected ('Non-SNI') FCA investment Firms. To qualify as an SNI, an FCA investment firm:

- must not carry out activities that have the greatest potential to cause harm to itscustomers or to the markets in which it operates, and
- must not carry out any activities on such a scale that would cause significant harm

to customers or to the markets in which it operates.

Further to the above, the table below shows the quantitative thresholds that have been set by the FCA to be considered as an SNI:

Table 1: SNI Thresholds

No.	Metric	Thresholds
1.	Assets Under Management	< £1.2 billion
2.	Client orders handled – cash trades	< £100 million per day
3.	Client orders handled – derivative trades	< £1 billion per day
4.	Assets safeguarded and administered	zero
5.	Client money held	zero
6.	On- and off-balance sheet total	< £100 million
7.	Total annual gross revenue from investment services and activities	< £30 million

Further to the above, the Company is categorized as a non-SNI Investment Firm since it does not meet all of the above criteria.

4 DECLARATION OF THE BOARD

The Board considers that the Company has in place adequate systems and controls with regards to its size, risk profile and strategy and an appropriate array of properly resourced assurance mechanisms, to avoid or minimise loss. Key ratios and figures representing interaction of the risk profile and the stated risk tolerances are deemed to be proprietary information.

5 RISK MANAGEMENT OBJECTIVES AND POLICIES (MIFIDPRU 8.2.)

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

First Line of Defence:

Managers are responsible for establishing an effective control framework within their area of operation and identifying and controlling all risks so that they are operating within the organisational risk appetite and are fully compliant with the Company's policies and where appropriate defined thresholds. The First Line of Defence acts as an early warning mechanism for identifying (or remedying) risks or failures.

Second Line of Defence:

The Risk Management Function is responsible for proposing to the Board appropriate objectives and measures to define the Company's risk appetite, devising the suite of policies necessary to control the business including the overarching framework, independently monitoring the Company's risk profile and providing additional assurance where required. The Risk Management Function will leverage their expertise by providing frameworks, tools and techniques to assist management in meeting their responsibilities, as well as acting as a central coordinator to identify enterprise-wide risks and make recommendations to address them. Integral to the mission of the Second Line of Defence is identifying risk areas, detecting situations/activities in need of monitoring, and developing policies to formalise risk assessment, mitigation, and monitoring.

<u>Third Line of Defence:</u>
The Risk Management Committee is responsible for setting a well-defined and clearly communicated strategy for risk management within the Company. They promote and embed a culture of risk / information security and appropriate risk taking within the Company and assist the Board of Directors in implementing the strategy. The Risk Management Committee also ensure compliance with all required laws and regulations including but not limited to FCA regulations. The Committee also periodically reviews the Risk Management Framework. The Committee also ensure that the risk management function fulfil their responsibilities and obligations concerning the identification, measurement , monitoring and effective management of the company risks.

6 RISK MANAGEMENT FRAMEWORK

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

- Adequate risk identification and management,
- Establishment of the necessary policies and procedures,
- Setting and monitoring of relevant limits, and
- Compliance with the applicable legislation.

The Board meets on a regular basis and receives updates on risk and regulatory capital matters from management. The Board reviews regularly (at least annually) written reports concerning compliance, risk management and internal audit policies and procedures as well as the Company's risk management policies and procedures as implemented by Management.

As part of its business activities, MKUK may face a variety of risks, the most significant of which are described further below. The Company holds regulatory capital against the three allencompassing main types of risk: credit risk, market risk and operational risk.

Risk Statement

The Company's activities expose it to a variety of risks, and in particular to credit risk, market risk, operational risk, compliance risk, regulatory risk, reputational risk, group risk, strategic risk, liquidity risk, conduct risk etc. The Company, through its operations, has a significant exposure to the economies and financial markets. As regards the management of the risks arising from the current macroeconomic and political uncertainty (heightened inflation, Ukrainian crisis, climate crisis etc.), the Company is following the local government guidelines, enhancing its onboarding procedures and closely monitoring its capital and liquidity positions.

Risk Strategy

The risk strategy of the Company is a responsibility of the Board, which formulates and is responsible for monitoring its implementation. This is achieved through the development of risk management processes and procedures as well as through an assessment of the risks undertaken and the effectiveness of the risk management framework, given the Company's business model. One important characteristic of the Company's risk strategy is the alignment with the strategic and operational targets that are set by the Board. The risks that arise from the implementation of the Company's strategic and business plans areregularly analysed in order to ensure the adequacy of the relevant policies, procedures and systems.

The risk strategy of the Company aims to provide to both Senior Management and employees a general risk framework for the management of the different types of risks in line with the overall risk management and risk bearing capacity of the Company. The Company recognizes the importance of risk management to its business' success, and therefore the overall objectiveis to establish effective risk management policies that can mitigate the Company's exposure to various risks.

Risk Appetite

The Company has a low-risk appetite with respect to investing and managing business and operational activities. The Senior Management of MKUK perform a continuous monitoring of the application of the Risk Appetite to ensure that the risk profile of the Company remains within the prescribed limits as determined by the Risk Management Committee and the Board.

Table 2: Risk Appetite areas

Indicator	Normal [1]	Warning [2]	Limit [3]
Minimum Own Fund Requirement	⩾£850k	<£850k	£750k
Common Equity Tier 1 Ratio	>100%	<75%	56%
AT1 Capital Ratio	>125%	<100%	75%
Total Capital Ratio	>150%	<125%	100%
Liquid Assets	⩾£55k	<£55k	£32k
Return on Assets	⩾5.00%	<5.00%	0.00%
Retained Earnings / Total Equity	⩾10.00%	<10.00%	5.00%

Notes:

1. The level of the indicator is within the acceptable limits as per the Company's risk appetite.
2. The Company should take proactive actions in order to ensure that the level of the indicator will remain above the acceptable limits.
3. The level of the indicator falls below the acceptable limits and as such the Company should proceed with the required actions in order to restore the level of the said indicator to the normal predefined levels.

The Risk Appetite framework has been designed to create links to the strategic long-term plan, capital planning and the Company's risk management framework. The Board approves the Company's corporate strategy, business plans, budget, long term plan and ICARA. The Company employs mitigation techniques defined within the Company's policies, to ensure risks are managed within its Risk Appetite.

Risk Culture

Risk culture is a critical element in the Company's risk management framework and procedures. Management considers risk awareness and risk culture within the Company as an important part of the effective risk management process. Ethical behaviour is a key component of the strong risk culture, and its importance is also continuously emphasised by the management. The Company is committed to embedding a strong risk culture throughout the business where everyone understands the risks they personally manage and are empowered and qualified to take accountability for them. The Company embraces a culture whereby each business area is encouraged to take risk-based decisions, while knowing when to escalate or seek for advice.

7 MATERIAL RISKS

The Company has identified the following material risks that are mainly mitigated through the effectiveness of the Company's oversight and control arrangements.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events, including legal risk. It is inherent in every business organization and covers a wide range of issues. The Company manages operational risk through a control-based environment in which processes are documented and transactions are reconciled and monitored. This is supported by continuous monitoring of operational risk incidents to ensure that past failures are not repeated. The Company has also developed a comprehensive business contingency and disaster recovery plan.

Concentration Risk

The firm recognises that credit concentration risk may arise from its matched principle business. Credit concentration risk represents any single exposure or group of similar exposures (for instance to the same borrower or counterparty, geographical area, or industry) with the potential to produce losses which are large enough to threaten the Company's ability to maintain its core operations or result in a material change in the Company's risk profile. The Company implements a clear set of limits by issuer, geography, industry on the holdings of the Company's trading book. Additionally, the Company applies hedging mechanics where necessary to mitigate the concentration risk that may vary from foreign exchange instruments to credit default swaps.

Liquidity Risk

Funding liquidity risk is the possibility that, over a specific horizon, the Company will be unable to meet its demands/needs for money (i.e., cash) through a probable mismatch of assets and liabilities. Furthermore, liquidity risks can also arise either via extreme market conditions and/or failures of designated counterparties that the Company associates with. Under the Current Regime the firms should always hold liquid assets amounting to 1/3 of Fixed Overhead Requirements.

The firm has established processes and controls for day-to-day liquidity and cash flow management, which are adequate to the nature of the company's activity. The Firm monitors its liquidity risk daily producing various reports, including the Liquidity Metrics report, which analyse daily movements which are sent to Senior Manager.

Business Risk

Business Risk arise due to probable losses that might be incurred by the Company during unfavourable market conditions, thus having a current and/or future possible impact on earnings or capital from adverse business decisions and/or lack of responses to industry changes by the Company. Additionally, for the provision of investment and ancillary services and/or performance of investment activities in a third country, business risk may arise from the probability of inadequate profits or losses, due to changes in a third country's government policy or the increased competition in the third country.

Furthermore, the business risk may arise from the probability of inadequate profits or losses due to unavailability of the Liquidity Providers to execute transactions.

Legal & Compliance Risk

Legal & Compliance risks arise from violations of, or non-conformance with, the FCA's handbook and applicable MIFIDPRU rules issued thereof, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the Company mainly to financial losses due to imposed fines from the Regulators. Compliance incidents may also lead to diminished reputation, reduced Company value, limited business opportunities, reduced expansion potential, and possible inability to enforce contracts. The Company has engaged reputational legal and compliance advisors who assess the appropriateness of the Company's compliance procedures and issue guidelines to remedy any identified deficiencies and where necessary, formulate proposals for amendments.

Reputational Risk

Reputational Risk could materialise after an incident urges the Company's clients, counterparties, investors or regulators adopt an adverse perception about the Company and its image. It may also occur as an effect of poor customer service or from potential fines/sanctions imposed by FCA, due to the loss of a key director, the loss of large Clients, fraud or theft, Client claims, legal actions against the Company and from negative publicity relating to the overall Company's operations whether such fact is true or false.

Within its own control measures the Company aims to mitigate such risk by applying best efforts to provide a high quality of services to respective Clients. Moreover, the Company's Board and Senior Management are comprised of experienced professionals with integrity, professionalism, and maintain a business strategy that is appropriately aligned. The recruiting policies of the Company are stringent in order to ensure that an appropriate level of professionalism and qualifications is maintained.

Additionally, the implementation of an internal control system with policies and procedures on client complaint handling aims to minimize the likelihood and impact of such reputational risk incidents. Seminars are sequentially performed to adequately train the workforce and equip it with required skills to fulfil its underlying duties.

All related business partners and affiliates that are involved in the operations of the Company undergo an on-boarding screening process that seeks to ensure they are of a high reputational standard. Subsequently, sequential reviews are performed to ensure that such counterparties continue to meet pre-set risk metric criteria. Various industry standard software that is available by subscription, is utilized to carry out sequential checks and filter out any underlying information that is not otherwise publicly available.

8 GOVERNANCE ARRANGEMENTS (MIFIDPRU 8.3)

The Company's systems of risk management and internal control include risk assessment, management or mitigation of risks, including the use of control processes, information and communication systems and processes for monitoring and reviewing their continuing effectiveness. The risk management and internal control systems are embedded in the operations of the Company and are capable of responding quickly to evolving business risks, whether they arise from factors within the Company or from changes in the business environment.

Organisational Structure

Through the organisational structure, the Company incorporates a strict Internal Governance framework. Furthermore, the Organisational Structure incorporates the various organisational and functional reporting lines, as well as the different roles and responsibilities therein, while it also facilitates the compliance of the Company with the principle of segregation of duties and helps in the avoidance and control of possible conflict of interest situations within the Company.

Board of Directors

The Company's Board of Directors comprises of two executive directors. The Board has the ultimate and overall responsibility for the investment firm and defines, oversees and is accountable for the implementation of the governance arrangements. The Board is responsible for ensuring that the Company complies at all times with its obligations under the Law. In doing so, the Board approves and periodically reviews the effectiveness of the policies, arrangements and procedures in place, whilst if needed, responds appropriately to address any deficiencies. The Board is also responsible for reviewing and approving the internal capital adequacy and risk assessment ("ICARA"), which sets out the framework by which the Firm manages its regulatory capital and liquidity.

Committees

Establishing committees helps management bodies in their supervisory functions. Committees draw on the specific knowledge and areas of expertise of individual management body members. While committees should prepare decisions and make recommendations to the management body in its supervisory function, the management body has the overall responsibility. Moreover, the Company does not fall within the scope of MIFIDPRU 7.1.4R(1) since the value of the firm's on and off-balance sheet items over the preceding 4-year period is a rolling average below £100million. Therefore, the Company is not obliged to establish any committee. However, the Company has established a Risk Management and Remuneration Committee to ensure the effectiveness of the overall policies and practices applied relating to Risk and Remuneration.

Policy on Recruitment

Recruitment into the Board combines an assessment of both technical capability and competency skills referenced against the Company's leadership framework. Members of the Board possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board reflects an adequately broad range of experiences to be able to understand the Company's activities, including the main risks to ensure the sound and prudent management of the Company as well as sufficient knowledge, of the legal framework governing the operations of the Firm.

Number of Directorships

The table below discloses the number of directorships held by members of the management body of the Company, including the Firm and any other companies belonging to the same group, as at 31 December 2022. Directorships in organisations which do not pursue predominantly commercial objectives such as non-profit or charitable organisations, are not taken into account for the purposes of the below:

Table 3: Number of Directorships of the members of the Board of Directors*

Name of Director	Position	Number of Executive Directorships	Number of Non-Executive Directorships
Ms. Persella Ioannides	Executive Director	2	2
Ms. Ekaterina Rtishcheva	Executive Director	1	0
Mr. Panos Ioannides	Non-Executive Director	4	2

**The information in this table is based only on representations made by the directors of the Company.*

For the purpose of the above, Executive held within the same group shall count as a single directorship.

Policy on Diversity

The Company is committed to promoting a diverse and inclusive workplace at all levels. It approaches diversity in the broadest sense, recognizing that successful businesses flourish through embracing diversity into their business strategy, and developing talent at every level in the organisation. For this purpose, the Company takes into consideration various aspects such as broad industry experience, knowledge, independence, gender, age, and cultural and educational background for the Board appointments. Having a Board with diverse skills, experience, backgrounds, and perspectives means:

a) competitive advantage;

b) robust understanding of opportunities, issues and risks;

c) inclusion of different concepts, ideas, and relationships;

d) enhanced decision-making and dialogue;

e) and heightened capacity for oversight of the organization and its governance.

For purposes of Board composition, diversity includes, but is not limited to, business and industry skills and experience, gender, and ethnicity. The Board will make good use of these differences and distinctions among individuals in determining the optimum composition of the Board. All Board appointments must collectively reflect the diverse nature of the business environment in which the organisation operates and be made on merit, in the context of the skills, experience, independence and knowledge which the Board requires to be effective. Legitimacy is enhanced through respected, experienced, senior leaders. To ensure the diversity strategy of MeritKapital is

9 OWN FUNDS (MIFIDPRU 8.4)

Own Funds (also referred to as capital resources) are the type and level of regulatory capital that must be held to enable the Company to absorb losses. During the year, the primary objective of the Company with respect to capital management was to ensure that it complied with the imposed capital requirements with respect to its own funds and that the Company maintained healthy capital ratios in order to support its business. Further to the above, the Company, as a non-SNI Investment Firm, shall always have own funds at least the highest of the following:

- Permanent Minimum Capital Requirement,
- Fixed Overheads Requirements, and
- K-Factors Requirement.

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

10 COMPOSITION OF REGULATORY OWN FUNDS

The following information provides a full reconciliation of the Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) instruments and Tier 2 (T2) instruments issued by the Company. The Company's regulatory capital comprises fully of CET1 capital while it has not issued any AT1 or T2 capital.

Table 4: Composition of Regulatory Own Funds

No.	Item	Amount $'000	Source based on reference number of Table 6
1.	OWN FUNDS	2,073	N/A

2.	**TIER 1 CAPITAL**	**2,073**	**N/A**
3.	**COMMON EQUITY TIER 1 CAPITAL**	**2,073**	**N/A**
4.	Fully paid up capital instruments	2,500	Shareholders' Equity 1
5.	Share premium	-	
6.	Retained earnings	(254)	Shareholders' Equity 2
7.	Accumulated other comprehensive income	-	N/A
8.	Other reserves	(173)	Shareholders' Equity 3
9.	Adjustments to CET1 due to prudential filters	-	N/A
10.	Other funds	-	N/A

5.

11.	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	N/A
19.	CET1: Other capital elements, deductions and adjustments	-	N/A
20.	**ADDITIONAL TIER 1 CAPITAL**	-	N/A
21.	Fully paid up, directly issued capital instruments	-	N/A
22.	Share premium	-	N/A
23.	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	N/A
24.	Additional Tier 1: Other capital elements, deductions and adjustments	-	N/A
25.	**TIER 2 CAPITAL**	-	N/A
26.	Fully paid up, directly issued capital instruments	-	N/A
27.	Share premium	-	N/A
28.	(-) TOTAL DEDUCTIONS FROM TIER 2	-	N/A
29.	Tier 2: Other capital elements, deductions and adjustments	-	N/A

11 MAIN FEATURES OF CAPITAL INSTRUMENTS

The Company is obliged to disclose information on the main features of the CET 1 instruments, Additional Tier 1 instruments, and Tier 2 instruments. Therefore, the Company's capital instruments' main features are outlined below:

Table 5: Own funds: main features of own instruments issued by the firm

Capital Instruments Main Feature	CET1
Issuer	MeritKapital UK Limited
Regulatory Treatment	

Eligible at Solo/(sub-)consolidated/solo	Solo
Instrument type	Common Equity
Amount recognized in regulatory capital*	$2,500,000
Nominal amount of instrument	$2,500,000
Issue Price	$1
Accounting classification	Shareholders' Equity
Perpetual or dated	Perpetual
Original maturity date	No maturity
Issuer call subject to prior supervisory approval	N/A
Coupons / dividends	
Fixed or floating dividend/coupon	Floating
Coupon rate and any related index	N/A

12 BALANCE SHEET RECONCILIATION

The Company shall disclose the balance sheet included in its audited financial statements for the year-end disclosures. As at 31 December 2022, the reconciliation of Company's assets and liabilities and regulatory Own Funds are shown in the following table:

Table 6: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial

		Balance sheet as in published/ audited financial statements $	Under regulatory scope of consolidation $	Cross reference to template OF1
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1.	Property, plant and equipment	4,215	-	N/A
2.	Trade and other receivables	9,232,546	-	N/A
3.	Financial assets measured at fair value through profit or loss	6,377,072	-	N/A
4.	Cash and cash equivalents	1,139,590	-	N/A
Total Assets		**16,753,423**	-	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1.	Current Liabilities	14,680,848	-	N/A
Total Liabilities		**14,680,848**	-	
Shareholders' Equity				
1.	Called up share capital	2,500,000	-	4

2.	Retained earnings	(254,313)	-	6
3.	Other Reserves	(173,113)		8
Total Shareholders' equity		2,072,574	-	

<u>Own Funds Requirements (MIFIPDRU 8.5.)</u>

The Company as a non-SNI Investment Firm shall at all times have own funds at least the highest of the following:

- Permanent Minimum Capital Requirement,
- Fixed Overhead Requirements, and
- K-Factors Requirement.

13 PERMANENT MINIMUM CAPITAL REQUIREMENT

As per the provisions of MIFIDPRU 4.4, where a MIFIDPRU Investment Firm has the permission to carry on any of the following investment activities, it is required to maintain a Permanent Minimum Capital Requirement of £750,000:

- dealing on own account;
- underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis; o
- operating an organised trading facility, if the firm is not subject to a limitation that prevents it from carrying on the activities otherwise permitted by MAR 5A.3.5R.

Therefore, since the Company is authorised to provide the investment service of dealing on own account, its initial capital is £750k.

14 FIXED OVERHEADS REQUIREMENT

The fixed overheads requirement (FOR) applies to all MIFIDPRU Investment Firms. The FOR is intended to calculate a minimum amount of capital that a MIFIDPRU Investment Firm would need available to absorb losses if it has cause to wind-down or exit the market.

It is calculated as one quarter of the fixed overheads of the preceding year (or business plan where the audited financial statements are not available) in accordance with the provisions of MIFIDPRU 4.5. When calculating its fixed overheads requirement, a firm must use the figures resulting from the accounting framework applied by the firm in accordance with MIFIDPRU 4.5.2R.

Further to the above, the Company's fixed overheads requirement based on the latest audited financial statements is $109k as per the table below:

Table 7: Fixed Overheads Requirement

Item	$'000
Total expenses of the previous year after distribution of profits	1,140,540
Total deductions	704,837
Annual Fixed Overheads	435,703
Fixed Overheads requirement	108,926

15 K-FACTORS REQUIREMENT

The K-factor capital requirements are essentially a mixture of activity- and exposure-based requirements. K-factor application to an individual FCA investment firm will depend on the MiFID investment services and activities the Firm undertakes. Capital requirement from applying K-factors formula is the sum of Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF') as described in the table below:

Table 8: K-Factors Proxies

Risk to Client (RtC)	Risk to Market (RtM)	Risk to Firm (RtF)
• K-AUM: Assets Under Management • K-ASA: Client Assets Safeguarded and Administered • K-CMH: Client Money Held, and • K-COH: Client Orders Handled	• K-NPR: Net Position Risk (calculated in accordance to CRR); or • K-CMG: Clearing Member Guarantee	Sum of: • K-TCD: Trading Counterparty Default • K-CON: Concentration risk based on large exposures, and • K-DTF: Operational risks from Daily TradingFlow

Further to the above and since the Company is authorized to provide the investment service of Dealing on Own Account, all RtC, RtM and RtF proxies are applicable for the Company. Specifically, given that the Company is not authorised to provide the investment service of Portfolio Management or Investment Advice the risk relating to the K-AUM factor does not apply to the Company.

Risk to Client

The risk to Client proxy captures the risk that may be inflicted onto the clients. RtC exists in the activities/services of the firm which are related to the client and are measured as a percentage of

Clients Money Held (CMH), Assets Under Management (AUM), Assets Safeguarded & Administered (ASA) and Clients' Orders Handled (COH). The Company is required to calculate the following K-Factors requirements as part of the RtC:

K-AUM: Assets Under Management

K-AUM captures the risk of harm to clients from an incorrect discretionary management of client portfolios or poor execution and provides reassurance and client benefits in terms of the continuity of service of ongoing portfolio management and investment advice.

AUM is the value of assets an IF manages for its clients under both discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature.

Calculation

AUM shall be the rolling average of the value of the total monthly assets under management, measured on the last business day of each of the previous 15 months, excluding the 3 most recent monthly values. K-AUM shall be the arithmetic mean of the remaining 12 monthly values multiplied by the relevant coefficient of 0.02%. As of 31 December 2022, the Company was not exposed to the risk relating to K-AUM since it is not authorised to provide the investment service of Portfolio Management or Investment Advice.

K-CMH: Clients Money Held

K-CMH captures the risk of potential for harm where an investment firm holds the money of its clients, taking into account whether they are on its own balance sheet or in third-party accounts and arrangements under applicable national law, provided that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm.

CMH is the amount of client money that an investment firm holds or controls. It excludes client money that is deposited on a (custodian) bank account in the name of the client itself, where the investment firm has access to these client funds via a third-party mandate (on a segregated or nonsegregated basis).

Calculation

CMH shall be the rolling average of the value of total daily client money held, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months.

K-CMH shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient (0.4% and for segregated accounts and 0.5% for non- segregated accounts). As at 31 December 2022, the Company's CMH was $2,789k and the respective K-CMH was $11k.

K-ASA: Assets Safeguarded and Administered

K-ASA captures the risk of safeguarding and administering client assets and ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts. ASA means the value of assets that an investment firm safeguards and administers for clients – ensuring that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts.

Calculation

It is calculated as the rolling average of the daily total value of assets under safekeeping and administration, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months. K-ASA shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient of 0.04%. As at 31 December 2022, the Company's ASA was $44,297k and the respective K-ASA was $18k.

K-COH: Client Orders Handled

K-COH captures the potential risk to clients of an investment firm which executes orders (in the name of the client, and not in the name of the investment firm itself), for example as part of execution-only services to clients or when an investment firm is part of a chain for client orders.

COH captures the potential risk to clients of an investment firm which executes its orders (in the name of the client). This is the value of orders that an investment firm handles for clients, through the reception and transmission of client orders and execution of orders on behalf of clients.

Calculation

COH shall be the rolling average of the value of the total client orders handled, measured throughout each business day for the previous 6 months. K-COH shall be the arithmetic mean of the daily values from the remaining 3 months multiplied by the relevant coefficient (0.1% and for cash trades and 0.01% for derivative trades). As at 31 December 2022, the Company's COH was $9,704k and the respective K-COH was $10k.

Risk to Market

The Risk to market proxy captures the risk a MIFIDPRU Investment Firm can pose to market access. The K-factor for RtM is based on the rules for market risk, for positions in financial instruments in foreign exchange and in commodities in accordance with the UK CRR.

K-NPR: Net Position Risk

As a non-SNI Investment Firm authorized to offer the dealing on own accounts investment service, it is required to calculate its K-NPR requirement by reference to trading book positions and positions other than trading book positions where the positions give rise to foreign exchange risk or commodity risk. The K-NPR requirement is calculated in accordance with Title IV of Part Three of the CRR.

Based on its trading activities, the Company is exposed to market risk resulting from exposure to:

- FX Risk;
- Commodity Risk;
- Equity Risk; and

As at 31 December 2022, the K-NPR capital requirement amounted to $288k, as shown in the table below:

Table 9:K-NPR capital requirement

K-NPR	$'000
Foreign Exchange Risk	62
Commodities Risk	-
Position Risk due to equities	209
TDI Risk	17
K-NPR	**288**

Foreign Exchange Risk

Foreign exchange risk is the effect that unanticipated exchange rate changes may have on the Company. In the ordinary course of business, the Company is exposed to foreign exchange risk, which is monitored through various control mechanisms.

The foreign exchange risk in the Company is effectively managed by setting and controlling foreign exchange risk limits, such as through the establishment of a maximum value of exposure to a particular currency pair as well as through the utilization of sensitivity analysis. The Company's foreign exchange risk capital requirement is $62k emanating from a net foreign exchange exposure of $776k based on the latest relevant calculations of the Company's capital requirements as at 31 December 2022.

The Company continues to regularly monitor the impact of exchange rate risks and if deemed necessary, corrective actions will be taken to minimize the effect.

Risk to Firm

The Risk to Firm captures the risk that could be inflicted on the Company. The K-factors under RtF capture an investment firm's exposure to their trading counterparties, the concentration risk in an investment firm's large exposures and the operational risk from an investment firm's daily trading flow: K-factors for K-TCD and K-CON under RtF constitute a simplified application of the rules laid down in the CRR on counterparty credit risk and large exposure risk, respectively.

The Company is required to calculate the following K-Factors requirements as part of the RtF:

K-TCD: Trading Counterparty Default

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

Calculation

Calculation based on CRR counterparty credit risk refers to exposure value, credit valuation, replacement cost, potential future exposure and collateral. The following formulae describe the calculation of the capital requirement for K-TCD:
K-TCD=a x EV x Rf x CVA
Where:

- a=1.2
- Exposure value (EV)=max(0,RC+PFE-collateral)
- Risk Factor (Rf) is defined per counterparty type (1.6% for banks, central governments, central banks and investment firms, 8% other counterparties)
- Credit Valuation Adjustment (CVA) =1.5 for Banks and Investment Firms and 1 for others

Further to the above, the Company's K-TCD as at 31 December 2022 was zero since it was not exposed to any instrument generating TCD.

K-CON: Concentration Risk on Large Exposures

K-CON captures concentration risk in relation to individual or highly connected private sector counterparties with whom firms have exposures above 25% of their own funds, or specific alternative thresholds in relation to credit institutions or other investment firms, by imposing a capital add-on in line with CRR for excess exposures above those limits. All Investment Firms should monitor and control their concentration risk. However, only Investment Firms which are subject to a minimum own funds' requirement under the K-Factors should report the concentration risk.

Limits

Where the client is a credit institution or an investment firm, the limit to concentration will be the higher between 25% of the investment firm's capital or $150m. If the amount of $150m is higher than 25% of the firm's own funds, the limit to concentration should not exceed 100% of the firm's capital.

Where the client is not a bank or an investment firm, the limit to concentration risk remains at 25% of the investment firm's own funds.

Calculation

Where a firm exceeds these limits, it will be required to hold an additional own fund requirement based on the excess over the limit multiplied by a factor between 200% and 900%, depending on the size of the excess as prescribed in Table 1 of MIFIDPRU 5.7.4.

The Company calculates and keeps aside additional capital requirement for any amount that exceeds the applicable K-CON limit. Additionally, the Company reports to the FCA, on a quarterly basis, via the MIF005, the value of exposures exceeding the limits set in of MIFIDPRU 5.7.1 and the name of the relevant counterparty.

As at 31 December 2022, the Company had no exposure above the limits and as such the K- CON was zero.

K-DTF: Daily Trading Flow

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

DTF means the daily value of transactions that an investment firm enters through dealing on own account or the execution of orders on behalf of clients in its own name, excluding the value of orders that an investment firm handles for clients which are already considered within the scope of client orders handled.

Calculation

DTF shall be the rolling average of the value of the total daily trading flow, measured throughout each business day for the previous 9 months, excluding 3 recent months.

DTF= sum of [ABS(Buys) + Abs (Sells)] for both cash trades and derivatives
K-DTF shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient (0.1% and for cash trades and 0.01% for derivative trades).

As at 31 December 2022, the Company's DTF was $6,546k and the respective K-DTF was $7k.

K-Factors Requirement Results

As at 31 December 2022, the Company's K-Factors Requirement was $333k as shown in the table below:

Table 10: K-Factors Results

Item	Factor Amount $'000	K-Factor Requirement $'000
TOTAL K-FACTOR REQUIREMENT		333
Risk To clients		39
K-AUM	-	-
K-CMH (Segregated)	2,789	11
K-CMH (non-Segregated)	-	-
K-ASA	44,297	18

K-COH (Cash Trades)	9,704	10
K-COH (Derivative Trades)	-	-
Risk to Market		288
K-NPR		288
K-CMG		
Risk to Firm		7
K-TCD		-
K-DTF (Cash Trades)	6,546	7
K-DTF (Derivative Trades)	-	-
K-CON		-

Overall Capital Adequacy Position

According to MIFIPDRU 3.2.2, Investment firms shall have 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 the following conditions at all times:

$$\frac{\boldsymbol{Common\ Equity\ Tier\ 1\ Capital}}{\boldsymbol{D}} \geqslant \mathbf{56}\%$$

$$\frac{\boldsymbol{Common\ Equity\ Tier\ 1\ Capital + Additional\ Tier\ 1\ Capital}}{\boldsymbol{D}} \geqslant \mathbf{75}\%$$

$$\frac{\textbf{Common Equity Tier 1 Capital} + \textbf{Additional Tier 1 Capital} + \textbf{Tier 2 Capital}}{\boldsymbol{D}} \geqslant \mathbf{100\%}$$

where D is the Company's own funds requirement calculated in with MIFIDPRU 4.3.

The Company's own funds, own funds requirement and capital ratio reported as at 31 December 2022, were as follows:

Table 11: Capital Adequacy Analysis

OWN FUNDS COMPOSITION	$'000
Total Own Funds	2,073
OWN FUNDS REQUIREMENTS	$'000
Permanent Minimum Capital Requirement (MIFIDPRU 4.4)	*903 (£750)*
Fixed Overheads Requirement (MIFIDPRU 4.5)	*109*
K-Factors Requirement (MIFIDPRU 4.6)	*333*
Total Own funds Requirement	903
CAPITAL RATIOS	
Common Equity Tier 1 Capital Ratio (min. 56%)	229.54%
Surplus/(Deficit) of Common Equity Tier 1 Capital Ratio	1,567
Tier 1 Capital Ratio (min. 75%)	229.54%
Surplus/(Deficit) of Tier 1 Capital Ratio	1,395
Total Capital Ratio (min. 100%)	229.54%
Surplus/(Deficit) of Total Capital Ratio	1,170

As per the above results, MeritKapital as at 31 December 2022 maintains adequate own funds to cover its capital requirements. However, the Company will continue to monitor the above ratios in order to ensure compliance with the capital adequacy requirements at all times.

16 LIQUIDITY REQUIREMENTS (MIFIDPRU 6)

The basic liquid assets requirement is based on a proportion of an FCA investment firm's fixed overheads requirement and any guarantees provided to clients. The purpose is to ensure that the investment firms have an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets in cash to meet their liquidity needs. The Company is required to maintain an amount of liquid assets that is at least equal to the sum of the following:

- one third of the amount of its fixed overheads requirement, and
- 1.6% of the total amount of any guarantees provided to clients.

In this respect, MeritKapital's core liquid assets as at 31 December 2022 were well above the 1/3 of the total fixed overheads requirement as indicated in the table below:

Table 12: Liquidity Requirements

Item	$'000
Coins and banknotes;	2,319
Short-term deposits at a UK-authorised credit institution;	-
Assets representing claims on or guaranteed by the UK government or the Bank of England;	-
Units or shares in a short-term MMF;	-
Units or shares in a third country fund that is comparable to a short-term MMF; and	-
Trade receivables, if the conditions in MIFIDPRU 6.3.3R are met.	-
Total Core Liquid Assets	**2,319**
Basic Requirement (1/3 of Fixed Overheads Requirement)	**31**
Surplus/(Deficit)	**2,288**

Further to the above, the Company maintains adequate liquid assets to cover the one third fixed overheads requirement. However, the Company should monitor the above in order to ensure compliance at all times.

17 INTERNAL CAPITAL ADEQUACY AND RISK ASSESSMENT PROCESS(ICARA)

The Company performs the ICARA which presents the main business background aspects and developments of the Company, a summary of the Company's business economic environment, the Company's financial summary for the previous and upcoming years, the business and strategic goals, organisational structure and the risk management framework, the overall assessment of the material risks as well as a forward-looking capital and liquidity planning assessment. The Overall Financial Adequacy Rule (OFAR) establishes the standard to determine if an FCA investment firm has adequate financial resources.

The Board is committed to continuously update the ICARA at least annually to reflect the latest strategic plans and updates. The methodologies of K-Factors and Liquidity Stress tests are incorporated into the ICARA process, as well as the updated risk register which focuses on a harm-pose approach identifying different potential risk events that may affect the Company's overall capital adequacy position.

The ICARA Report and capital planning for the year 2021 has been prepared and approved by the Board in 2022. The report is being reviewed and updated annually, while it is submitted to FCA upon request. The table below shows the outcomes of the Basic and Additional capital and liquidity requirements as at the reference date of the report.

Table 13: ICARA Process Outcomes

Item	$
Basis of Completion of the ICARA Process	
Scope of the Report	Individual
Reference Date of the ICARA process	31 December 2021
Assessing and Monitoring the Adequacy of Own Funds	
Common Equity Tier 1 Capital	1,131
Additional Tier 1 Capital	-
Tier 2 Capital	-
Total Own Funds	1,131
Own funds threshold requirement	915
- *Own funds to address risks from ongoing activities*	*92*
- *Own funds necessary for orderly wind-down*	*180*
Surplus/(Deficit)	216
Assessing and Monitoring the Adequacy of Liquid Assets Held	
Total Core liquid assets	310
Total Non-core liquid assets	-
Total liquid assets	310
Liquid assets threshold requirement	*180*
- *Basic liquid assets requirement*	*72*
- *Additional liquid assets required to fund ongoing business operations*	*87*
- *Additional liquid assets required to start wind-down*	*180*
Surplus/(Deficit)	58

Further to the above results, during the year-ended 2021 the Firm's capital and liquid assets were above the respective thresholds calculated. The Company monitors these requirements toensure compliance at all times.

18 REMUNERATION POLICY AND PRACTICES (MIFIDPRU 8.6)

The Company has in place a remuneration policy in line with the requirements set by FCA. The policy is prepared as an ad-hoc document which reflects the current organisational structure and is proportionate to the size and activities of the Company. The employees are remunerated based on their performance within a multi-year framework, irrespective of the gender and/or ethnicity of each employee. To ensure sound and effective risk management is achieved, the Company ensures employees are provided with a base salary. The Company considers that the remuneration benefits are in line with the business strategy and objectives of the Company, which ensures the promotion of effective risk management.

The applicability of the Company's Policy is reviewed at least annually by the Board of Directors in the context of an internal review for compliance with the relevant legislation as well as to confirm applicability, viability and alignment with the industry's remuneration standards (e.g. to ensure base salary levels are not set at artificially low levels).

Where potential or actual client detriment might arise because of specific features in remuneration policies and practices, the Company, has a separate conflicts of interest policy and register to record and mitigate conflicts should they arise.

Remuneration Committee

The Company has a Remuneration Committee that is responsible for:

- the preparation of decisions on remuneration to be taken by the supervisory function, in particular regarding the remuneration of the members of the management body in its management function as well as of other identified staff.
- providing support and advice to the supervisory function on the design of the institution's remuneration policy;
- assessing the mechanisms and systems adopted to ensure overall remuneration policy is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, corporate culture, values and the long-term interest of the institution;
- assessing the achievement of performance targets and the need for ex post risk adjustment, including the application of malus and clawback arrangements;
- reviewing a number of possible scenarios to test how the remuneration policies and practices react to external and internal events, and back-test the criteria used for determining the award and the ex-ante risk adjustment based on the actual risk outcomes;

Remuneration Policy Principles

The Company's approach is to facilitate competitiveness by paying market-informed, competitive compensation levels for comparable roles and experience, subject to performance. MeritKapital promotes meritocracy by recognizing individual performance, with particular emphasis on contribution, risk management, ethics and control.

MeritKapital ensures that the remuneration package for senior employees is suitable to attract the quality and experienced staff. MeritKapital provides equal compensation opportunity and does not tolerate any discrimination based on ethnicity, nationality, gender, sexual orientation, gender identity, religion, age, marital or family, status, pregnancy, disability – or any other status that is protected by the law.

Risk management policies and practices promoting effective risk management.

The Remuneration Committee will assess the risk appetite of the business annually. Risk appetite is the amount of risk an individual or the Company can absorb. The risk management framework sets out the risk appetite for MeritKapital.

The idea is to align the risk management framework with the Remuneration. If the action of an employee leads to a breach of risk limits, this might impact their Remuneration. Employees are advised to take risk management principles seriously. A sound risk culture will reflect on the overall risk taking and risk management of the Company. The risk management framework policy is available to all employees..

Avoiding conflicts of interest

MeritKapital ensures that the Policy includes measures to avoid conflicts of interests. To demonstrate this, the variable compensation is not fully correlated to business performance. Instead, the function's variable compensation is determined by the overall performance of the individual and the function against objectives set for each individual and department. The incentive is not to lead employees to act only in the favour of their own or the Company's interest.

Performance Based Measurements

The performance criteria include but is not limited to (dependent on role):

Individual performance against objectives;

- Client satisfaction and interest to keep the business with the Company, inclusive recurring transactions of clients;
- Level of transparency with clients as well as speed of provision of services;
- Teamwork in terms of servicing the clients' needs;
- Efficiency in performed duties;
- Contribution towards automation of the Company processes;
- Behavioural performance; and
- Significant contribution to the growth of the Company. Front Office desk should ensure that they are:
- treating clients fairly, for example providing advice or recommendations best suited to meeting the needs of the client;
- recommending the product that carries a reasonable commission/incentive for the Company rather than a more expensive option that equally meets the needs of the client;
- managing to properly explain the nature of the service being provided to the client, be it at the account opening stage or in subsequent recommendations made to the client;

The criteria will assess the performance and measure the quality of the relevant persons work and behaviour. Performance of the Front Office, for instance, cannot be assessed from just a number of transactions made by the Company. Quality of the provided services is an essential part of the measurement of the performance of the trading desk and hence will be factored in for the Variable Remuneration payment. By focusing on volume rather than quality, the best outcome for clients per transaction may not be achieved. All assessment must consider the performance of an individual's role as well business unit as a whole.

19 BASIC AND VARIABLE REMUNERATION COMPONENTS

All Company employees and the members of the Board of Directors are eligible for the annual (one-off) variable remuneration, which is determined based on their annual performance appraisal.

Fixed Remuneration

Basic (Fixed) salary remuneration is generally based upon the employee's professional experience and organisational responsibility as set out by their job description and terms of employment. The Company ensures that the salaries are matching the role and the location of the market. All salary bandings are recommended by an outsourced Human Resources department and the final approval for salary levels for all roles is confirmed by the Committee.

Variable remuneration

In addition to the Basic salary pay, employees are entitled to Variable Remuneration subject to the terms of the Policy. This compensation will be based on the overall performance of the roles included in the Company's Remuneration Policy. Variable remuneration shall be based on:

- Incentive Compensation are subject to the Key Measures outlined. Where the Key Measures are not satisfied or partly satisfied, or cause 13 complaints from a client, the formula may be altered upon decision of the Sub-Remuneration Committee during their meeting.
- Discretionary Variable Compensation based on decision of the Management and the Remuneration Committee.

The level of Variable Remuneration granted is entirely at the discretion of the Company, and may be zero in cases of misconduct, performance below the usual standard or otherwise in the sole discretion of the Company. Variable Remuneration will only be made where there is no harm to MeritKapital's overall financial health. On an annual basis the Board of Directors shall approve the budget for variable remuneration payments. In case of financial difficulties, the Company reserves the right to distribute Bonuses fully on discretionary basis and/or not to distribute at all.

The Variable Remuneration will not exceed 100% of the annual Basic Salary of the total remuneration of each individual, this is to ensure that no individual is dependent on variable remuneration to an extent likely to encourage to take risks outside the risk appetite of the firm. However, as an exception, the Board of Directors of the Company may approve a higher level, provided that it does not exceed 200% of the annual Basic Salary.

MeritKapital must give reasonable notice to all its shareholders or owners or members of its intention to seek approval of the proposed higher level of the variable component of total remuneration.

MeritKapital will not be awarding any variable remuneration that consist of shares or equivalent ownership interests at this time as the Board have determined that the size and scale of MeritKapital does not currently allow for such a strategy. As MeritKapital grows, should it become appropriate to do so then such a scheme will be applied.

Variable Remuneration shall not be paid by means of instruments or methods that facilitate non-compliance with the rules of management and discipline.

Remuneration and capital

MeritKapital has implemented remuneration arrangements that are sufficiently flexible to allow for necessary resources being directed towards strengthening the capital base if required.

<u>Balance of fixed and variable components of total remuneration</u>

Relevant Persons are prohibited to be remunerated only with variable components. The Relevant Persons' total Remuneration consists of a fixed component and may include a variable component. Some employees, except the members of the Board of Directors, are also eligible for the annual variable Remuneration.

MeritKapital shall ensure that the variable component does not exceed 100% of the fixed component of the total Remuneration for each individual.

<u>Guidelines for termination</u>

MeritKapital has reviewed all existing contracts to ensure that any early termination payments are subject to approval from the Remuneration Committee. Payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct. Variable Remuneration and/or the pay-out of any deferred or retained Bonus of previous performance periods are possible after the end of their employment with the Company, subject to approval by the Remuneration Committee.

<u>Clawback</u>

All Incentive Compensation granted, earned or vested, wholly or partly will be subject to a Clawback for a period of at least 7 years from the date on which it was awarded, and it may be extended to 10 years from employees under the Senior Manager Regime in the event of on- going internal/regulatory investigation. The employee will only be subject to a Clawback if they participated in or were held responsible for poor conduct which resulted in significant losses for MeritKapital.

Discretionary Bonuses based on non-financial measures and Base Salary will not be subject to Clawback triggers include:

- Material restatement of the Company's financial results;
- Fraud committed by the employee during performance period;
- Misleading information provided by the employee, if such information had or could reasonably have had an impact on the performance assessment;
- Employee engaged in breach of business and ethics conduct that causes material, financial or reputational harm to the Company;

- If the Incentive Compensation award was based on material misrepresentation by the employee;
- If an employee is terminated for misconduct cause;
- If an employee improperly or with gross negligence failed to identify or raise in a timely manner issues with respect to risks material to the Company;
- If the Incentive Compensation award was based on materially inaccurate performance metrics;
- If for one calendar year during the vesting period, pre-tax net income is negative, as reported by the Company.

Remuneration of Material Risk Takers

The remuneration policy of the Company is intended to ensure that the Company will attract and retain the most qualified Senior Management Personnel and Directors. As stated above, the criteria used for determining the remuneration of the Company's directors are segregated into quantitative and qualitative criteria. The quantitative remuneration criteria mostly rely on numeric and financial data such as the Company's performance and the individual performance evaluation and ratings of each member of staff whose professional activities affects the risk profile of the firm. In addition to the quantitative criteria, the Company has put in place qualitative criteria which include compliance with regulatory requirements and internal procedures, fair treatment of clients and client satisfaction.

The table below provides information on the remuneration of Executive Directors, Senior Management and other staff whose activities have a material impact on the risk profile of the Company, broken down by fixed and variable remuneration.

Table 14: Remuneration split of staff whose activities have a material impact on the riskprofile of the Company.

Annual Remuneration as at 31 December 2022				
Position	No. of Beneficiaries	Fixed Remuneration $	Variable Remuneration $	Aggregated Remuneration $
Senior Management	1	54120	-	54120
Other staff	4	82300	5000	87300
Total	**5**	**136420**	**5000**	**141420**

The variable to fixed remuneration ratio as at 31 December 2022 was 4%.

Investment Policy (MIFIDPRU 8.7)

The Company meets the conditions of MIFIDPRU 7.1.4R(1) since the value of the Firm's on and off-balance sheet items over the preceding 4-year period is a rolling average below £100million. Therefore, the Company is not obliged to disclose information on Investment Policy