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Independent Auditors' Report to the Board of Directors of 7Q Financial Services Ltd for the year ended 31 December 2022 pursuant to Part Six of Regulation (EU) 2019/2033 concerning disclosure requirements of investment firms

1. We report in relation to the fair presentation of the disclosures of 7Q Financial Services Ltd (the "Company") for the year ended 31 December 2022, pursuant to our Engagement Letter for the provision of Pillar 3 services under the IFR/IFD framework, dated 11/05/2023. The Disclosures, which are set out on the Company's website, are attached as an Appendix and have been initialled for identification purposes.

Respective responsibilities

2. The Company's Board of Directors is responsible for the preparation and fair presentation of the Disclosures in accordance with Part Six of Regulation (EU) 2019/2033 (the "IFR"). Our responsibility is to express an independent conclusion in relation to the fair presentation of the Disclosures, in all material respects, in accordance with the requirements of the IFR.

Scope of work performed

3. We conducted our work in accordance with International Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This Standard requires that we plan and perform our work to obtain limited assurance whether any matters have come to our attention that cause us to believe that the Disclosures are not fairly presented, in all material respects, in accordance with the requirements of the IFR. Our procedures included verifying, on a sample basis, the compliance of the Disclosures with the requirements of Part Six of the IFR, as well as obtaining evidence supporting certain of the amounts and notifications included in the Disclosures. Our procedures also included an assessment of any significant estimates made by the Company's Board of Directors in the preparation of the Disclosures. We believe that our procedures provide a reasonable basis for our conclusion.

4. The procedures performed do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, and hence we do not express any assurance other than the statement made below. Had we performed an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

To the fullest extent permitted by the law, we do not accept or assume responsibility to anyone for this report.



Conclusion

5. Based on our work described in this report, nothing has come to our attention that causes us to believe that the Disclosures for the year ended 31 December 2022 are not fairly presented, in all material aspects, in accordance with the requirements of the IFR.

6. Our report is solely for the purpose as set out above and is not to be used for any other purpose or to be distributed to any other parties without our prior consent in writing, other than to the Cyprus Securities and Exchange Commission to which we acknowledge that our report will be provided. This report relates only to the Disclosures required pursuant to Part Six of the IFR and does not extend to any financial statements or other financial information of the Company.

Charis Christou Minoshis (FCA)
Certified Public Accountant and Registered Auditor
for and on behalf of

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Cyprus

21 June 2023

7Q FINANCIAL SERVICES LTD

Regulated by the Cyprus Securities and Exchange Commission License no. 061/05

PUBLIC DISCLOSURES REPORT FOR THE FINANCIAL YEAR 2022

May 2023

DISCLOSURE

*The Public Disclosures Report for the year 2022 has been prepared by **7Q Financial Services Ltd** as per the requirements of Regulation (EU) No. 2019/2033 and Delegated Regulation (EU) 2021/2153 issued by the European Commission and Law 165 (I) / 2021 issued by the Cyprus Securities and Exchange Commission (hereinafter, “CySEC”).*

7Q Financial Services Ltd (hereinafter, the “Company” or “7QFS”) states that any information that was not included in this report is either not applicable on the Company’s business and activities or such information is considered as proprietary to the Company and sharing this information with the public and/or competitors would undermine our competitive position.

The Board of Directors of the Company is ultimately responsible for the risk management framework of the Company. The Risk Management Framework is the sum of systems, policies, processes and people within the Company that identify, assess, mitigate and monitor all sources of risk that could have a material impact on the Group’s operations. The Board of Directors of the Company approves in full the adequacy of Risk Management arrangements of the institution providing assurance that the risk management systems in place are adequate with regards to the institutions’ profile and strategy.

*7Q Financial Services Ltd is regulated by CySEC under License number **061/05**.*

Contact Us

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1. INTRODUCTION

1.1 INVESTMENT FIRM

Table 1: Company information

General Information:	
Company name	7Q Financial Services Ltd
CIF Authorization date	04/11/2005
CIF License number	061/05
Company Registration Date	13/09/2016
Company Registration Number	HE 109709
Legal Entity Identifier code (LEI)	254900BGKB377HDURN37
Investment Service:	
<ol style="list-style-type: none"> 1) Reception and transmission of orders in relation to one or more financial instruments; 2) Portfolio management; and 3) Provision of investment advice. 	
Ancillary Services:	
<ol style="list-style-type: none"> 1) Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management; and 2) Foreign exchange services where these are connected to the provision of investment services. 	
Financial Instruments:	
<ol style="list-style-type: none"> 1) Transferable securities; 2) Money market instruments; 3) Units in collective investments undertakings; 4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash; 5) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of a default or other termination event; 6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled; 7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6) of this Part and not being for commercial purposes, which have the characteristics of other derivative financial instruments; 8) Derivative instruments for the transfer of credit risk; 9) Financial contracts for differences (for differences in relation to MiFID instruments, currencies, interest rates or other financial indices); and 10) Options, futures, swaps, forward-rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, 	

rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF.

1.2 PURPOSE

The present report is prepared by 7Q Financial Services Ltd a Cyprus Investment Firm (hereinafter, “CIF”, “Company” or “7QFS”), authorized and regulated by CySEC under the license number 061/05 and operates in harmonization with the Markets in Financial Instruments Directive II (hereinafter, “MiFID II”).

In accordance with Part Six of Regulation (EU) No. 2019/2033 (the “Investment Firms Regulation”, hereinafter “IFR”), the Company is required, as it is categorised as a Class 2 investment firm, to disclose information relating to its risk management objectives and policies, governance, level of own funds and own funds requirements, remuneration policy and practices, investment policy (if applicable) and environmental, social and governance risks (if applicable).

The scope of this report is to promote market discipline and to improve transparency of market participants.

The 2022 Public Disclosures Report has been prepared based on the relevant requirements in accordance with Part Six of the IFR and in particular articles 46 to 53, as applicable to the Company.

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

The Company’s business effectiveness is presented and based on the guidelines of the risk management policies and procedures. The BoD, Internal Auditor, Risk Manager, Compliance Officer, and Anti-Money Laundering Officer control and supervise the overall risk system so that all units charged with risk management perform their roles effectively on a continuous basis.

The information contained in the Public Disclosures Report is to be audited by the Company’s external auditors and published on its website (<https://www.7qfs.com>) on an annual basis. Moreover, the Company is obliged to provide a copy of the external auditor’s verification report to CySEC within 5 months after the end of each financial year.

The information disclosed in this report is related to the year ended 31st December 2022 (based on the Audited Financial Statements) and is prepared on an individual (solo) basis. The Company has prepared this report both on a solo and consolidated basis.

1.3 REGULATORY (PRUDENTIAL) FRAMEWORK

Since June 26, 2021, all Investment Firms (hereinafter, “IFs”) are subject to the Investment Firms Regulation (EU) 2019/2033 (‘IFR’) & Directive (EU) 2019/2034 (‘IFD’). The framework changed the way capital requirements were calculated in the past, while IFs are now categorised into three categories depending on their business activities, systemic importance, size, and interconnectedness.

Each IF class is subject to a different set of prudential requirements, with some systematically important and larger firms remaining under the previous Basel-derived CRR/CRD regime. In particular, IFs are now categorised into the following classes:

- **Class 1 IFs (remain subject to CRR and CRD):** Large IFs that exceed certain criteria will need to be reclassified as credit institutions, plus:
 - **Class 1a:** Not reclassified as credit institutions, but above certain criteria and/or are categorised Systemically important IFs to the country (“O-SIIs”) and subject to CRR.
 - **Class 1b:** Not-Systemic Large IFs, but which elect to be subject to the CRR (if they are part of a group containing a bank that is subject to consolidated supervision under CRR).
- **Class 2 IFs (subject to new IFR/IFD):** IFs exceeding the categorisation thresholds for Small and Non-interconnected Investment Firms.
- **Class 3 IFs (subject to new IFR/IFD, BUT with exemptions):** Small and Non-interconnected Investment Firms.

7QFS falls into the Class 2 category and is subject to the full scope of the new IFR/IFD framework.

The new **minimum regulatory capital requirement** for 7QFS (solo basis) will be the greatest of:

- A **Permanent Minimum Capital Requirement of EUR 150,000** (for firms which do not deal on own account);
- A **Fixed Overhead Requirement at 25% of the firm’s fixed overheads** in the previous year; and
- A **K-factors Requirement**, which is based upon nine risk exposure indicators (“K-factors”) which are designed to measure operational risk to customers, counterparty credit risk, trading book market risk, and concentration risk (in the trading book and securities financing type of transactions including REPOs).

Under the new regulatory framework, the notion of pillars (Pillar I, Pillar 2 and Pillar III) that was broadly used under the CRR has been removed. However, similarly to the CRR, the IFR regulatory framework is comprised of three main areas:

- (i) **Minimum Own Funds Requirement:** covers the calculation of the minimum capital needed to be allocated depending on the IF's class categorization (i.e., calculation of Fixed Overhead Requirement, Permanent Minimum Capital requirement or k-factors requirement) and liquidity requirements;
- (ii) **Internal Capital and Risk Assessment Process (ICARA):** covers the Supervisory Review and Evaluation Process ("SREP"), which assesses the Internal Capital and Risk Assessment Process ("ICARA") and provides for the monitoring and self-assessment of the Company's capital and liquidity adequacy and internal processes; and
- (iii) **Public Disclosures:** covers external/public disclosures that are designed to provide transparent information on regulatory capital and liquidity adequacy, own funds requirements, risk management objectives and policies, internal governance arrangements, remuneration policy and practices, investment policy (if applicable) and environment, social and governance risks (if applicable).

Furthermore, the Company also falls under the IFR prudential consolidation supervision and is required to report its Minimum Own Funds Requirement, ICARA and Public Disclosures on both solo and consolidated basis. The consolidation of own funds and capital requirements is performed at the parent's level 7Q Holdings Limited (the "Union parent investment holding company" as per definition Article 4 (57) of the IFR), which is the 100% shareholder of the Company.

1.4 RUSSIAN'S WAR AGAINST UKRAINE: OVERVIEW OF EU & US SANCTIONS

On 24th February 2022, Russia launched an undeclared war against Ukraine, a country Russia first invaded and partially occupied in 2014.

EU Sanctions:

As a result, the EU has imposed a series of new sanctions against Russia in response to the military aggression against Ukraine. The sanctions add to existing measures imposed on Russia since 2014 following the annexation of Crimea and the non-implementation of the Minsk agreements. The EU Sanctions include targeted restrictive measures (individual sanctions), economic sanctions and visa measures.

The aim of the economic sanctions is to impose severe consequences on Russia for its actions and to effectively prevent Russian abilities to continue the aggression.

The individual sanctions target people responsible for supporting, financing or implementing actions which undermine the territorial integrity, sovereignty and independence of Ukraine or who benefit from these actions.

The EU has also adopted sanctions against:

- Belarus, in response to its involvement in the invasion of Ukraine; and
- Iran, in relation to the use of Iranian drones in the Russian aggression against Ukraine.

U.S. Sanctions:

Prior to 2022, the United States had imposed sanctions on Russia in response to Moscow's 2014 invasion of Ukraine and other malign activities. Beginning in December 2021, the United States and others warned Russia's leadership that a new attack on Ukraine would lead to severe new sanctions (in addition to increased security assistance to Ukraine and an enhanced NATO presence in Central and Eastern Europe).

Sanctions designations and related actions the Biden Administration and Congress have taken since February 2022 include actions targeting Russian government assets, international trade, broad economic sectors, and specific individuals and entities.

The Management has evaluated the effect of the war on liquidity, currency, interest rate, and credit risks, as well as potential impairment and revenue of the Company. Based on management's assessment, there is no significant impact on the Company's activities, since the Company does not have any Russian clients.

The Management will continue monitoring political developments in order to ensure compliance with all EU Council's and CySEC's decisions and take any further measures if needed.

2. CORPORATE GOVERNANCE

2.1 BOARD OF DIRECTORS

The Board of Directors (hereinafter, “BoD”, or “Board”) shall be responsible for ensuring that the Company complies with its obligations.

The BoD of the Company is the ultimate managerial and decision-making body of the Company in accordance with the Memorandum and Articles of Association of the Company and the Cyprus Companies Law. It has all relevant functions and responsibilities, and operates in accordance with the provisions of Sections 9 and 10 of the Law.

The BoD as at 31.12.2022, consists of five (5) members. Two (2) Executive Directors, one (1) Non-Executive Director and two (2) Non-Executive and Independent Directors.

The BoD is responsible for ensuring that the Company complies with its legal, statutory and regulatory obligations under the applicable legislation, directives and regulations. Specifically:

- It ensures that the Company operates according to the memorandum and articles of association.
- It assesses and periodically reviews the effectiveness of the policies, arrangements and procedures put in place to comply with obligations under the legal and regulatory framework and to take appropriate measures to address any deficiencies.
- It takes appropriate corrective measures to address any deficiencies that may be noted in relation to areas under its responsibility.
- It has the overall responsibility for the internal audit function. At least once a year, evaluates the effectiveness of the internal audit function and mechanisms deployed based on the reports of the Internal Auditor, the Audit Committee, and the external auditors. The minutes of the relevant meetings are submitted to the CySEC. It adopts strategies designed to improve the operation of the internal audit mechanism.
- The Board shall ensure that the Company maintains an efficient and transparent reporting system, and that the Board receives on a frequent basis, and at least annually, written reports from the Internal Audit, Compliance, AML (anti-money laundering), and Risk Management functions, which should include specific descriptions of any deficiencies identified in a given reporting period, and the remedial actions that were undertaken.
- It assesses the efficiency of the internal audit, risk management and compliance function mechanisms on the basis of the reports submitted to the BoD by the units, and the external auditors’ reports.
- It discusses, at least on an annual basis, the above issues.

The Board receives and ensures that its senior management also receives on a frequent basis, at least annually, written reports on the matters concerning the internal audit, risk management and compliance function mechanisms indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies.

The Board submits to CySEC, on an annual basis and, at the latest, within 20 (twenty) days as of the date of the relevant meeting, the minutes of such meetings in the course of which issues pertaining to the functions of Compliance Officer, Internal Audit and Risk Management have been discussed.

The Board receives all the required information/ reports to review and assess whether the existing controls are effective.

The Board shall be responsible for the monitoring of the Company's internal control systems and procedures and ensures that the Company's activities remain inside the scope and strategy of the Company including the prevention of any unlawful transactions, the identification of material risks, and ensuring the timely and adequately flow of information.

In the event that the Company elects to delegate certain of its functions that it performs pursuant to the applicable laws, the BoD shall review the basis and contractual substance of such delegation prior to approving the delegation to a selected service provider by way of an ordinary resolution.

The Executive Directors shall be responsible for the functions, which include the daily operations and the strategic development of the Company.

2.2 RECRUITMENT AND DIVERSITY POLICY

One of the BoD's main responsibilities is to identify, evaluate and select candidates for the BoD and ensure appropriate succession planning. The Senior Management is assigned the responsibility to review the qualifications of potential director candidates and make recommendations to the BoD. The persons proposed for the appointment should have specialised skills and/or knowledge to enhance the collective knowledge of the BoD and must be able to commit the necessary time and effort to fulfil their responsibilities. Factors considered in the review of potential candidates include:

- Specialised skills and/or knowledge in accounting, finance, banking, law, business administration or related subject.
- Knowledge of and experience with financial institutions ("fit-and-proper").
- Integrity, honesty, and the ability to generate public confidence.
- Knowledge of financial matters including understanding financial statements and financial ratios.
- Demonstrated sound business judgment.
- Risk management experience.

Furthermore, and in order to ensure compliance with diversity in the Board of Directors, 50% of the Non-Executive Member positions will be held by professionals not employed in the Financial Services Industry i.e., not employed as:

- Works in a related industry (except in the case of 50% of the Non-Executive Directors);
- Holder of Advanced Legal Framework Qualification (except in the case of 50% of the Non-Executive Directors);
- Clean criminal record;
- Clean Non-bankruptcy;
- Investment Brokers; and
- Traders

2.3 NUMBER OF DIRECTORSHIPS HELD BY MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors consists of five (5) members. Two (2) Executive Directors, one (1) Non-Executive Director and two (2) Non-Executive and Independent Directors. The table below provides the number of directorships the members of the Board of the Company hold at the same time in entities other than the Company. 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 considered for the purposes of the below.

Table 2: Board of Directors of the Solo Entity (7Q Financial Services Ltd) as at 31.12.2022

Name of Director	Executive Director/ Independent Non- Executive Director	Number of Executive Directorships in other entities	Number of Non- Executive Directorships in other entities
<i>Daniel Antoniou</i>	Executive Director	0	2
<i>Melis Konstantinou</i> ²	Executive Director	1	2
<i>Andreas Hadjikyrou</i>	Non-Executive Director	1	0
<i>Alexandros Alexandrou</i>	Independent Non- Executive Director	0	0
<i>Alexandros Apostolides</i> ³	Independent Non- Executive Director	1	0

Notes:

¹ The information in this table is based only on representations made by the Company

² Mr. Melis Konstantinou was officially appointed as Executive Director of the Company (following approval by CySEC) on the 15th of February 2023

³ Mr. Alexandros Apostolides was officially appointed as a Non-Executive Director of the Company (following approval by CySEC) on the 15th of February 2023

2.4 TRAINING

During 2022, the employees and senior management of the Company attended a number of seminars, in line with their CPD needs as per their CySEC's certifications, on a number of subjects, including: (i) AML; (ii) Risk Management; (iii) ESG risks; (iv) Crypto Assets; (v) Alternative Investment Funds regulatory framework.

2.5 INFORMATION OF FLOW ON RISK TO MANAGEMENT BODY

In line with the requirements set out in the Law and subsequent Directives, the Company has been able to maintain a good information flow on risk to the management body.

<i>Report Name</i>	<i>Owner</i>	<i>Recipient</i>	<i>Frequency</i>
<i>Annual Risk Management Report - solo</i>	Risk Manager	BoD, CySEC	Annual
<i>Form 165-01 (IFR Report) – solo and consolidated</i>	Risk Manager	Board, CySEC	Quarterly
<i>Public Disclosures Report – solo and consolidated</i>	Risk Manager	BoD, Public	Annual
<i>Public Disclosures External Auditor's Verification Report</i>	External Auditor	BoD, CySEC	Annual
<i>ICARA Report – solo and consolidated</i>	Risk Manager	BoD	Annual
<i>Prudential Supervision Information Form (Form 165-03)</i>	Risk Manager, Finance Department	BoD, CySEC	Annual
<i>Annual Compliance Report</i>	Compliance Officer	BoD, CySEC	Annual
<i>Annual Internal Audit Report</i>	Internal Auditor	BoD, CySEC	Annual
<i>Annual Anti-Money Laundering Report</i>	Anti-Money Laundering Compliance Officer	BoD, CySEC	Annual
<i>Financial Reporting</i>	External Auditor	BoD, CySEC	Annual

3. RISK MANAGEMENT

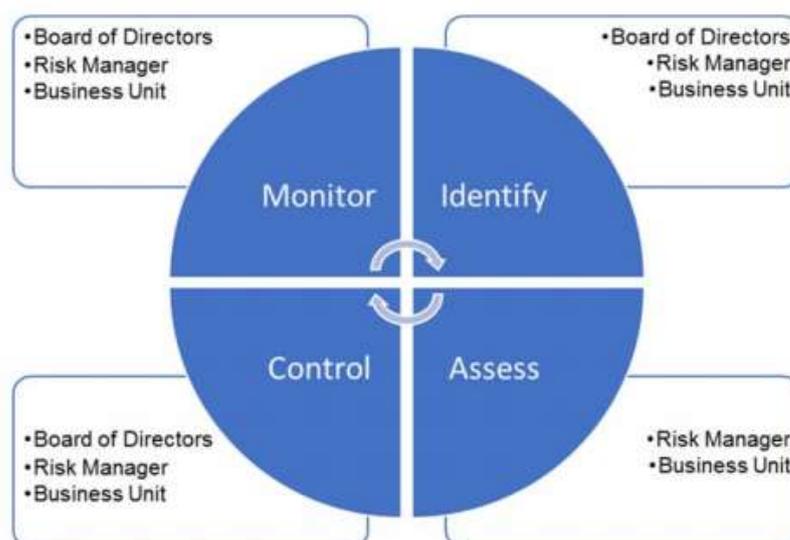
3.1 RISK MANAGEMENT FRAMEWORK

The Company’s Risk Management Framework (“RMF”) aims to establish, implement and maintain adequate policies and procedures designed to manage any type of risks relating to the Company’s activities. The current RMF sets the process applied in the activities of the Company, designed to identify potential events that may affect its business, to manage risks to be within its risk appetite, and to provide reasonable assurance regarding the achievement of its mission and its objectives.

Within the Company’s RMF there are structures that provide for the validation role of Risk Management, Compliance, and Internal Audit functions. Even though these are distinct functions, and they perform specific duties in the overall RMF, there is a considerable degree of overlap present.

The Risk Management Framework major elements are:

Risk Management Framework of 7Q Financial Services Ltd		
Element	Task	Owner
Risk Management Policy	Identify, Control, Monitor	Board of Directors
Risk Governance	Identify, Control, Monitor	Board of Directors
Risk Oversight	Identify, Assess, Control, Monitor, Report	Risk Manager/ Risk Management Committee
Risk Culture	Identify, Assess, Control	Business Units, Board of Directors.



The Risk Oversight is performed by the Business Unit with results and action plans reported to and agreed with the independent risk management function. Given the desired specialization of duties in the overall Risk Management function and based on particular knowledge and expertise, the Company's RMF addresses all types of risks as set out in EU and local statute in addition to the financial risk management area, with emphasis given on quantitative issues regarding financial types of risk. Compliance and Internal Audit roles are clearly defined for the management of compliance risk and operational risk respectively.

3.2 RISK MANAGEMENT COMMITTEE ("RMC") COMPOSITION

The RMC aims at ensuring the efficient risk management which is considered essential for the provision of investment services to Clients, as well as the risks underlying the operation of the investment firm. The RMC also bears the responsibility to monitor the adequacy and effectiveness of the risk management policies and procedures that are in place.

Members of the RMC must have appropriate knowledge, skills, and expertise to fully understand and monitor the risk strategy and the risk appetite of the Company.

The RMC is comprised of the following members:

1. **Chairman:** Alexandros Alexandrou, Independent Non-Executive Director.
2. **RMC Member:** Alexandros Apostolides, Independent Non-Executive Director.
3. **RMC Member:** Melis Konstantinou, Executive Director.
4. **RMC Member:** Andreas Hadjikyrou, Non-Executive Director.
5. **RMC Member:** Daniel Antoniou, Executive Director.

The Risk Management Committee meets at least semi-annually, unless the circumstances require extraordinary meetings. Extraordinary meetings can be called by any member of the Risk Management Committee, as well as by the Risk Manager. During the year of 2022, the Risk Management Committee has met 4 times.

3.3 RISK APPETITE STATEMENT

The Company's risk appetite sets out the risk factors that are affecting the Company's exposure to risks and is determined by its BoD, following the recommendations of the Risk Manager and the Risk Committee after considering the Company's risk bearing capacity. In essence, the risk appetite determines the maximum risk that the Company is willing to assume in order to meet its business targets. ***It is noted that the overall risk appetite that the Company intends to maintain is categorised as "low to medium".***

In order to ensure coherence between the Company's strategic considerations as regards risk taking and the day-to-day decisions, Management reviews and when deemed necessary updates the Company's risk appetite statement.

The Risk Manager maintains a Risk Register wherein the following are described:

1. Risk Type
2. Risk Appetite
3. Risk Assessment
4. Impact
5. Risk Measures
6. Reduction/Mitigation Measures
7. Assessment
8. Comment on whether the risks were addressed.

The Risk Register also describes and quantifies when applicable the risk that the Company is willing to take, via high-level limits on:

- i. Market Risk
- ii. Credit Risk
- iii. Operational Risk
- iv. Business Risk
- v. Liquidity Risk
- vi. Reputational Risk
- vii. Interest Rate Risk
- viii. Compliance and Legal Risk
- ix. GDPR Risk
- x. Political Risk
- xi. Strategic Risk

3.4 ICARA AND STRESS TESTING

The scope of the stress testing, in the context of the Annual Internal Capital Adequacy and Risk Assessment Process (hereinafter, the "ICARA") is to evaluate the impact on the Company's current and future profitability and capital and liquidity adequacy, as well as, to assess and quantify risks using forward looking stress testing scenarios.

The ICARA process helps the Company to determine the additional, to the IFR Own Funds Requirement, capital needed to cover all risks and to maintain an adequate surplus in respect to the minimum capital requirements under the IFR.

The ICARA is conducted in accordance to the CySEC's guidelines and the results are communicated to CySEC, upon its request, the BoD and the General Management.

Stress tests consider the following:

- Understanding the risk profile of the Company.
- Evaluating of the Company's capital adequacy in absorbing potential losses under stressed conditions from risks not covered or not adequately covered under the minimum regulatory and liquidity requirements. This takes place in the context of the Company's ICARA.
- Evaluating the Company's strategy: Senior Management considers the stress test results against the approved business plans and determines whether any corrective actions need to be taken. Overall, stress testing allows Senior Management to determine whether the Company's exposures correspond to its risk appetite.
- Establishing or revisioning of limits: Stress test results, where applicable, are part of the risk management processes for the establishment or revision of limits across products, different market risk variables and portfolios.

The ultimate responsibility and ownership of the Company's stress testing policy rests with the BoD. If the stress testing scenarios reveal vulnerability to a given set of risks, management should make recommendations to the BoD for remedial measures or actions. These may vary depending on the circumstances and include one or more of the following:

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

4. OWN FUNDS COMPOSITION

The following information provides a reconciliation between the balance sheet presented in the Audited Financial Statements and the balance sheet prepared for prudential purposes.

In accordance with the provisions of Article 49 (1) of the IFR, the Company shall disclose the composition of its own funds using the templates of Annex VI of the European Commission Regulation (EU) 2021/2284 and in accordance with the relevant instructions set out in Annex VII of that Regulation.

The composition of the Company's own funds in accordance with the abovementioned Regulation is tabulated in the following tables:

Table 3: Composition of regulatory own funds of 7QFS based on Template EU IF CC1.01

<i>Ref</i>	<i>Common Equity Tier 1 (CET1) capital: instruments and reserves</i>	<i>Amounts in EUR'000s</i>	<i>Source based on reference numbers/letters of the balance sheet in the audited financial statements (Cross reference to EU IF CC2)</i>
1	OWN FUNDS	380	
2	TIER 1 CAPITAL	380	
3	COMMON EQUITY TIER 1 CAPITAL	380	
4	Fully paid-up capital instruments	292	<i>Ref. 1 (Equity and Liabilities)</i>
5	Share premium	499	<i>Ref. 2 (Equity and Liabilities)</i>
6	Retained earnings	124	<i>Ref. 4 (Equity and Liabilities)</i>
8	Other Reserves	(5)	<i>Ref. 3 (Equity and Liabilities)</i>
12	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(530)	
19	Other intangible assets	(0)	<i>Ref. 3 (Assets)</i>
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	(484)	<i>Ref. 5 (Assets)</i>
27	CET1: Other capital elements, deductions and adjustments	(45)	<i>Ref. 6 & Ref. 8 (Assets)</i>
28	ADDITIONAL TIER 1 CAPITAL	0	
40	TIER 2 CAPITAL	0	

Table 4: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements a based-on Template EU IFCC2

	Balance sheet as in Audited Financial Statements - Solo Entity	Cross reference to EU IF CC1
	31/12/2022 (AUDITED) EUR '000s	31/12/2022 (AUDITED)
Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements		
Property, plant and equipment (Non-current assets)	35	
Right-of-use assets (Non-current assets)	216	
Intangible Assets (Non-current assets)	0	Ref. 19
Investment in subsidiaries (Non-current assets)	1	
Financial assets at fair value through OCI (Non-listed securities) (Non-current assets)	484	Ref. 23
Other financial assets at fair value through OCI (Non-current assets)	269	
Investors' compensation fund (ICF) (Non-current assets)	44	Ref. 27
Trade and other receivables (Current assets)	215	
Cash at bank related to ICF (Current assets)	1	Ref. 27
Cash at bank (Current assets)	32	
Total Assets	1,298	
Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements		
Lease Liabilities (Non-current liabilities)	210	
Trade and other payables (Current liabilities)	71	
Deferred Income (Current Liabilities)	8	
Bank Overdraft (Current Liabilities)	23	
Lease Liabilities (Current liabilities)	72	
Current Tax Liabilities (Current Liabilities)	5	
Total Liabilities	388	
Shareholders' Equity		
Share Capital	292	Ref. 4
Share premium	499	Ref. 5
Other reserves	(5)	Ref. 8
Retained Earnings	124	Ref. 6
Total Shareholders' equity	910	
Total Equity and Liabilities	1,298	

5. OWN FUNDS REQUIREMENTS

The primary objective of the Company with respect to its capital management is to ensure that the Company complies with the own funds requirements imposed by the IFR and Law 165 (I) / 2021 of CySEC.

Under this framework, the Company needs to monitor the level of its own funds and own funds requirements and maintain a strong capital adequacy ratio in order to be able to promote itself as a fully compliant and healthy Company, to support its business and maximize shareholders' value. In this respect, the own funds requirements should not be seen as a restriction of business, but rather as proactive risk management imposed to help both the Company and its client base.

The total Own Funds Requirement of the Company is determined in accordance with Article 11 of the IFR and is defined as the highest of the following:

1. The **Permanent Minimum Capital Requirement** – *calculated in accordance with Article 14 of the IFR*
2. The **Fixed Overheads Requirement** – *calculated in accordance with Article 13 of the IFR*
3. A **K-Factor Requirement** – *calculated in accordance with Article 15 of the IFR*

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

The Company manages the level of its own funds and own funds requirements and makes adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities.

5.1 PERMANENT MINIMUM CAPITAL REQUIREMENT

Based on the offered investment services (described in Section 1.1 above), 7QFS is obliged to maintain a permanent minimum capital requirement of EUR 150,000, on a solo basis.

The Company monitors its Own Funds on a continuous basis and ensures that they remain above the Permanent Minimum Capital Requirement of EUR 150,000.

5.2 FIXED OVERHEADS REQUIREMENT

In accordance with Article 13 of the IFR, the Fixed Overheads Requirement is given as the 25% of the Company's fixed overheads of the preceding year (based on the Audited Financial Statements).

The following table presents the total Fixed Overhead Requirement for the Company over as at 31.12.2022:

Table 5: Calculation of Fixed Overheads Requirement as at 31.12.2022

	31.12.2022
	EUR
Fixed Overhead Requirement	123
Annual Fixed Overheads of the previous year after distribution of profits	493
Total expenses of the previous year after distribution of profits¹	508
of which: Fixed expenses incurred on behalf of the investment firm by third parties	0
(-) Total Deductions	(15)
(-) Staff bonuses and other remuneration	(3)
(-) Employees', directors' and partners' shares in net profits	0
(-) Other discretionary payments of profits and variable remuneration	0
(-) Shared commission and fees payable	0
(-) Fees, brokerage and other charges paid to CCPs that are charged to customers	(10)
(-) Fees to tied agents	0
(-) Interest paid to customers on client money where this is at the firm's discretion	0
(-) Non-recurring expenses from non-ordinary activities	(1)
(-) Expenditure from taxes	0
(-) Losses from trading on own account in financial instruments	0
(-) Contract based profit and loss transfer agreements	0
(-) Expenditure on raw materials	0
(-) Payments into a fund for general banking risk	0
(-) Expenses related to items that have already been deducted from own funds	0
Projected fixed overheads of the current year²	440
Variation of fixed overheads (%)	-10.81%

Notes:

¹ Total Expenses represent the total expenses of the Company based on the Audited Financial Statements for the year ended 31.12.2022.

² Projected fixed overheads (for the year ended 31.12.2023) are based on the Company's capital planning.

5.3 K-FACTOR REQUIREMENT

The k-factor requirement was introduced with the IFR/IFD and changed the way investment firms calculated their capital requirements so far. The K-factor Requirement is based upon the risk exposure indicators (“K-factors”), capturing not only the balance sheet risks but P&L risks as well.

The **K-Factor Requirement** for the Company shall amount to, at least, the sum of the following:

1. **Risk-to-Client (“RtC”) K-Factors** 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).
2. **Risk-to-Market (“RtM”) K-Factors** captures net position risk (K-NPR) in accordance with the market risk provisions of Regulation (EU) No 575/2013 or, where permitted by the competent authority, based on the total margins required by an investment firm’s clearing member (K - CMG). *The Company uses the K-NPR method to calculate market risk capital requirement.*
3. **Risk-to-Firm (“RtF”) K-Factors** capture an investment firm’s exposure to the default of their trading counterparties (K-TCD) in accordance with simplified provisions for counterparty credit risk based on Regulation (EU) No 575/2013, concentration risk in an investment firm’s large exposures to specific counterparties based on the provisions of that Regulation that apply to large exposures in the trading book (K-CON), and operational risks from an investment firm’s daily trading flow (K-DTF).

The table below provides information on total K-factor requirement for the Company and the applicable K-factors that form it, in accordance with its licensed investment services:

Table 6: Total k-factor requirement as at 31.12.2022

in EUR’000s	K-factor Requirement 31.12.2022
Risk to client	75
Assets under management	41
Client money–held - Segregated	19
Client money–held - non-segregated	0
Assets safeguarded and administered	15
Client orders handled - Cash trades	0
Client orders handled - Derivatives Trades	0
Risk to market	43
K-Net positions risk requirement	43
Clearing margin given	0
Risk to firm	0
Trading counterparty default	0
Daily trading–flow - Cash trades	0
Daily trading–flow - Derivative trades	0
K-Concentration risk requirement	0
TOTAL K-FACTOR REQUIREMENT	118

5.4 TOTAL OWN FUNDS REQUIREMENT AND CAPITAL RATIOS

The total Own Funds Requirement for the Company (on an individual basis) for the year 2022 totals to EUR 380K while the Total Eligible Own Funds amount to EUR 150K, as shown in the following table.

It is reminded that the total own funds requirement for 7QFS is the highest of the following:

1. The **Permanent Minimum Capital Requirement** of EUR 150K (see Section 5.1 above)
2. The **Fixed Overheads Requirement** (see Section 5.2 above)
3. The **K-Factor Requirement** (see Section 5.3 above)

Table 7: Total Own Funds Requirement, capital ratios and capital levels based on IFR

in EUR'000s	31.12.2022 ¹
Available Eligible Own Funds²	380
Own Funds Requirement, higher of:	150
1. Permanent Minimum Capital Requirement	150
2. Fixed Overhead Requirement	123
3. Total K-factor Requirement	118
CET-1 Ratio (min. regulatory is 56% based on new IFR)	253.5%
Surplus/(Deficit) over CET-1 Ratio	296
Tier 1 Ratio (min. regulatory is 75% based on new IFR)	253.5%
Surplus/(Deficit) over CET-1 Ratio	268
Own Funds Ratio (min. regulatory is 100% based on new IFR)	253.5%
Surplus/(Deficit) over CET-1 Ratio	230

Notes:

¹Based on Audited Financial Statement for the year ended 31.12.2022.

²Own Funds consist of CET1 instruments only (i.e., no AT1 instruments, no Tier 2 instruments)

5.6 LIQUIDITY REQUIREMENT

Liquidity risk is the possibility that, over a specific horizon, the Company will be unable to raise cash and meet its financial obligations.

The new IFR/IFD regulatory framework introduced a new liquidity requirement for Class 2 CIFs (like 7QFS), which obliges CIFs to hold liquid assets that are equal to the sum of:

- i. A **third of the Company's fixed overheads capital requirement** (so a twelfth of the firm's fixed overheads in the preceding year); and
- ii. 1.6% of the value of any customer guarantees given by the Company (if applicable).

The total Liquidity Requirement and level of liquid assets for the Company as at 31st of December 2022 is presented in the below table.

Table 8: Liquidity Requirement and level of Liquid Assets as at 31.12.2022

Amounts in EUR '000s	31.12.2022
Liquidity Requirement¹	41
Client Guarantees²	0
Total Liquid Assets	68
Unencumbered short-term deposits	29
Total eligible receivables due within 30 days	36
Level 1 assets	0
Coins and banknotes	0
Withdrawable central bank reserves	0
Central bank assets	0
Central government assets	0
Regional government/local authorities' assets	0
Public Sector Entity assets	0
Recognisable domestic and foreign currency central government and central bank assets	0
Credit institution (protected by Member State government, promotional lender) assets	0
Multilateral development bank and international organisations assets	0
Extremely high-quality covered bonds	0
Level 2A assets	0
Regional government/local authorities or Public Sector Entities assets (Member State, RW20 %)	0
Central bank or central/regional government or local authorities or Public Sector Entities assets (Third Country, RW20 %)	0
High quality covered bonds (CQS2)	0
High quality covered bonds (Third Country, CQS1)	0
Corporate debt securities (CQS1)	0
Level 2B assets	3
Asset-backed securities	0
Corporate debt securities	0

Shares (major stock index)	3
Restricted-use central bank committed liquidity facilities	0
High quality covered bonds (RW35 %)	0
Qualifying CIU shares/units	0
Total other eligible financial instruments	0

Notes:

¹ Liquidity Requirement is calculated as the 1/3 of the Fixed Overhead requirement during the year of 2022. The Fixed Overhead requirement (see Section 5.2 above), on a solo basis, for 2022 was equal to EUR 123K).

² No client guarantees were given by the Company during 2022.

5.7 OTHER RISKS

Concentration Risks

The Company monitors concentration risks on a quarterly basis in accordance with Article 54 of the IFR. Such concentration risks do not give rise to the capital requirements of the Company but should be monitored only for information purposes.

In accordance with Article 54 of the IFR, the Company also monitors on a quarterly basis, the following levels of risk:

- a) the level of concentration risk with respect to the **credit institutions, investment firms and other entities where client money is held;**
- b) the level of concentration risk with respect to the **credit institutions, investment firms and other entities where client securities are deposited;**
- c) the level of concentration risk with respect to the **credit institutions where the investment firm's own cash is deposited;**
- d) the level of concentration risk from **earnings;**
- e) the level of concentration risk as described in points (a) to (e) calculated taking into account **assets and off-balance-sheet items not recorded in the trading book** in addition to exposures arising from trading book positions.

Business Risk

Business risk is a distinct type of risk that is not captured in the course of the minimum regulatory capital requirement under IFR/IFD and is defined as the possibility of economic loss arising from adverse strategic and business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment, including technological progress. The Company manages strategic risk through its normal conduct of business.

Reputational Risk

Reputational risk is the risk arising from an adverse perception of the image of the Company that whether true or false, could harm the Company and lead to loss of clientele, reduction of income and/ or legal actions against the Company. The Company has transparent policies and procedures in place in order to provide the best possible service to its clients and mitigate such risks. The Company strives to preserve its reputation by adhering to applicable laws and regulations, and by following the core values and principles of the Company, which includes integrity and good business practice. The Company centrally monitors certain aspects of

reputation risk. It also places great emphasis on the information technology security which is one of the main causes of such reputational risk manifestation.

Operational risk

Operational risk is defined as the possibility of economic loss resulting from inadequate or failed internal processes, system malfunctions or human errors.

Examples of operational risks that the Company could be exposed to, are outlined below:

- **Internal Fraud:** unauthorized limit excesses with intent, misappropriation of assets, tax evasion, bribery and theft from employees;
- **External Fraud:**
 - Theft and Fraud (theft/robbery, skimming, forgery, impersonation, manipulation of the clients' data); and
 - Systems (intrusions from hackers, unauthorized data retrieval, phishing, unauthorized entry to offices, internet virus, organized criminal attacks).
- **Compliance:** Complaint handling, third country regulator retaliation, commerce global taxation matters;
- **Clients, Products and Business Practice:** market manipulation, asymmetrical slippage, antitrust, improper trade, product defects, fiduciary breaches; and
- **Execution, delivery and process management:** wrong execution of orders, data entry mistakes when transmitting orders, trade miscapturing.

The Company manages operational risk through a control-based environment in which processes are documented and systems are reviewed and upgraded. This is enhanced by continuous monitoring. The Company's Internal Operations Manual outlines roles and responsibilities of each department and the procedures the Company has in place to mitigate operational risks arising from the investment and ancillary services it offers to clients, clients' assets and systems. Management is working in conjunction with the department heads to prepare separate manuals for each department.

In addition, the internal audit function, via a risk-based audit plan, provides independent and objective assurance to the BoD on the design and effectiveness of the internal controls relating to operational and other risks.

Compliance/AML and Legal Risk

Compliance risk is the risk the Company faces by not complying with relevant laws and Directives issued by its supervisory body and competent authorities. This includes anti-money laundering risk. This risk is mitigated by the continuous monitoring of applicable laws and regulations as well as a thorough client on-boarding procedure exercised by the Company's Compliance Officer.

Compliance risk is mitigated by the following:

- The Company does not service any Politically Exposed Persons ("PEPs")
- A significant proportion of fees received, are from Provident Funds of Regulated institutions and of related provident funds whereby the contributions are made from pecuniary benefits paid to employees which are also declared to the Social Security Services and the IRD.

Legal risk is the risk of loss arising from non-compliance or violation of legal contracts and lawsuits. Legal risk is identified and managed by the Company's senior management and Board of Directors. The Company's legal counsels play an active role in the identification and management of legal risk.

IT/Data Security Risk

IT risk could occur as a result of inadequate information technology and processing or arise from an inadequate IT strategy and policy or inadequate use of the Company's information technology. The Company's Business Continuity Policy and Disaster Recovery Plan are designed to prevent, manage and resolve crisis situations. They aim at the minimization of the risk of forcing the Company to suspend its operations, minimization of possible effect of temporary suspension of the Company activities and allowing the Firm to recover its normal course of business, which may slow down in a crisis situation.

6. REMUNERATION POLICY AND PRACTICES

The Company's Remuneration Policy (the "Policy") forms an integral part of its corporate governance and is developed in accordance with its operational model and strategy and applies to all the employees of the Company, including the Senior Management and its Board of Directors.

The Board is responsible to approve the Remuneration Policy and review it periodically. The Board is ultimately responsible for ensuring the policy remains compliant with the CySEC requirements.

The Company's Remuneration Policy addresses both the fixed and variable component of remuneration, the governance around remuneration, the characteristics of performance measurement, determination of pay, etc. As per the Company's Policies and Procedures manual the remuneration of the Directors is determined during the Company's Annual General Meeting.

When designing or reviewing the remuneration policies and practices, the Remuneration Committee must consider the conduct of business and conflicts of interest risks that may arise and take reasonable measures to avoid or manage them appropriately and efficiently. The Company takes the interest of the Clients as a priority and through the application of the remuneration practices established, it promotes the strict alliance of the Company's and the Clients' interests.

The remuneration mechanism incorporates principles that take into account skills required in each department and performance while supporting at the same time long-term business objectives. The criteria for performance measurement are based on the assessment of the Company's annual results and the feedback that is obtained from clients and counterparties of the Company's as part of the annual performance review according to the Company's Policy.

The Company's Remuneration policy, practices and systems are approved by the Board of Directors with the advice and assistance of the Company's Compliance Officer. The Remuneration Policy is binding for the Board of Directors and any departure from the policy shall be recorded and reasoned in the Board's minutes.

Remuneration Components

The total remuneration consists of:

- **Fixed Component:** The fixed component reflects the educational level, experience, accountability and the role of the individual employee, including responsibility and job complexity, performance and local market conditions. The main fixed remuneration element is the employee's salary. Potential fixed remuneration increases are accommodated during an annual salary review process. Company performance and outlook, as well as market data and employee performance are taken into account in fixed remuneration increase proposals.

- **Variable (Performance Related) Component:** It is upon the Company's discretion to award variable remuneration, primarily based on an assessment of the Company's performance and a number of Key Performance Indicators (KPIs) (e.g., profit before tax, assessment of risk-adjusted return, costs, customer satisfaction, compliance with internal business procedures) reflecting the Company's strategic key priorities. The variable components of the Company's remuneration are given in the form of a profit-sharing bonus. It is noted that a bonus is given not only based on the employee's performance but also based on the performance of the Company as a whole.

- **Equity Participation Component:** To motivate executives and management to pursue the long-term growth and success of the Company will include various plans and initiatives to deliver parts of the performance-based remuneration as equity in the Company. The terms and conditions of any employee share plans will be approved by the Board and disclosed to the shareholders.

The below table 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 cash remuneration.

Table 9: Aggregate Annual Remuneration of the Solo Entity (7Q Financial Services Ltd) as at 31.12.2022 (in EUR)

Remuneration as at 31st December 2022	No. of staff during 2022	Annual Remuneration (EUR ' .000s) (dot is used as a decimal place)			
		Fixed EUR ' .000s	Variable pecuniary benefits EUR ' .000s	Proportion of variable of fixed remuneration	TOTAL EUR ' .000s
Executive directors ¹	1	46.035	0.731	1.6%	46.766
Non-executive directors ²	2	6.000	0	0.0%	6.000
Senior Management	3	66.121	1.043	1.6%	67.164
Other Staff	3	43.641	0.417	1.0%	44.058
Total	9	161.797	2.190	1.4%	163.987

Notes:

¹ The second executive director (not included in number of staff during 2022), Mr. Melis Konstantinou was officially appointed as Executive Director of the Company (following approval by CySEC) on the 15th of February 2023.

³ The third non-executive director (not included in number of staff during 2022), Mr. Alexandros Apostolides was officially appointed as Non-Executive Director of the Company (following approval by CySEC) on the 15th of February 2023.

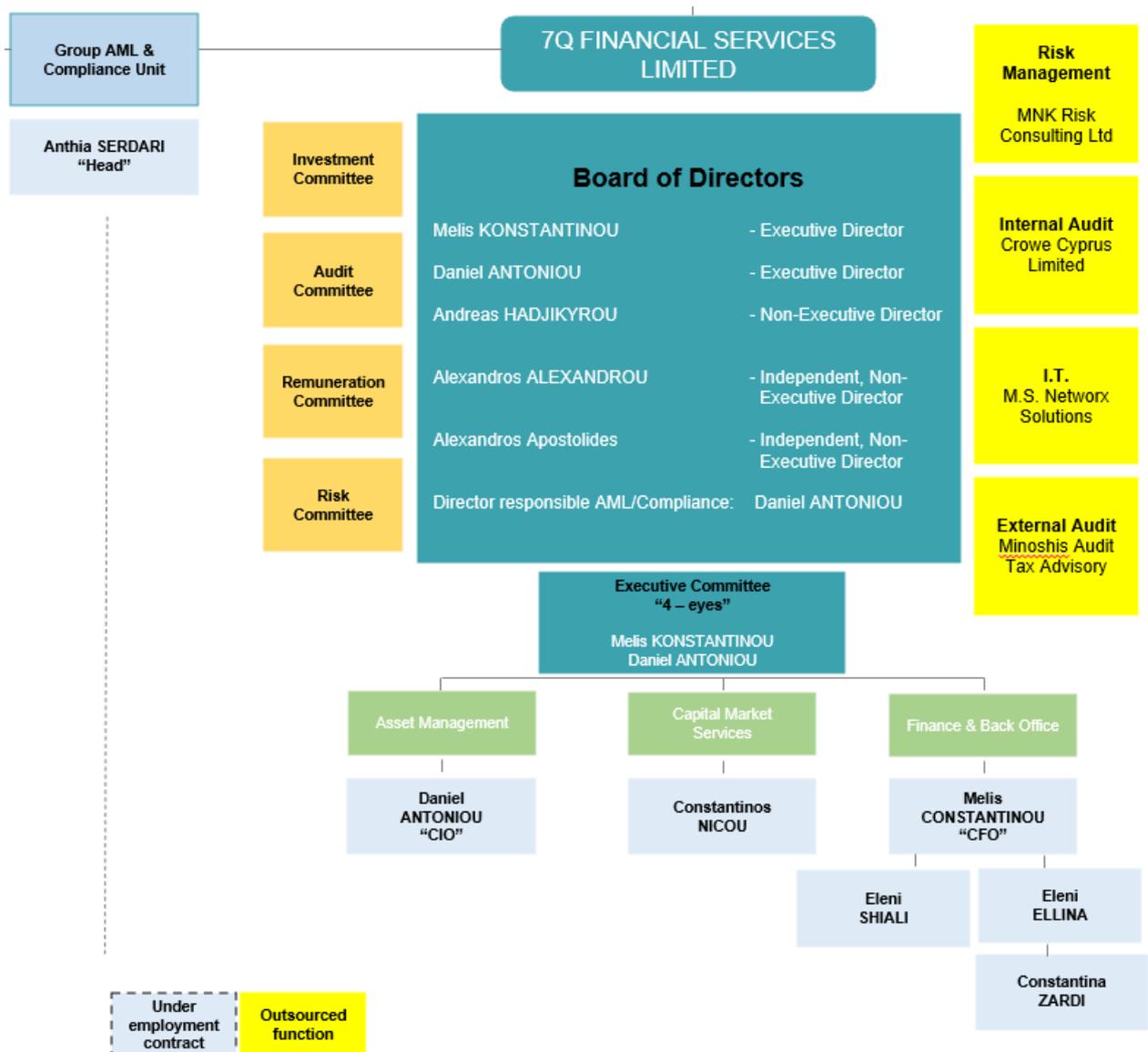
The following table provides aggregate quantitative information on remuneration, broken down by business line:

Table 10: Aggregate quantitative information on remuneration of the Solo Entity (7Q Financial Services Ltd), broken down by business line as at 31.12.2022 (in EUR)

<i>As at 31 December 2022</i>		
<i>Business Line</i>	<i>No. of staff during 2022</i>	<i>Aggregate remuneration EUR '000s (dot is used as a decimal place)</i>
<i>Risk Management</i>	<i>1</i>	<i>45.972</i>
<i>Portfolio Management</i>	<i>1</i>	<i>46.766</i>
<i>Reception and Transmission</i>	<i>1</i>	<i>21.192</i>
<i>Finance</i>	<i>2</i>	<i>26.751</i>
<i>Other</i>	<i>1</i>	<i>17.307</i>
Total	6	157.988

Finally, it is noted that no deferred remuneration was awarded for previous performance periods by the Company and therefore no amount is due to vest in the current financial year under review (i.e., 2022) or in the subsequent years.

7. ANNEX I – ORGANISATIONAL STRUCTURE



8. ANNEX II – MAIN FEATURES OF OWN FUNDS

Template EU IF CCA		Common Equity Tier 1 instruments
1	Issuer	7Q Financial Services Ltd
2	Unique identifier (Legal Entity Identifier code)	254900BGKB377HDURN37
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Company Law (Chapter 13)
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
6	Amount recognised in regulatory capital (EUR)	291,555
7	Nominal amount of instrument (EUR)	291,555
8	Issue price (EUR)	1
9	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	2005-2022
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	N/A
17	Fixed or floating dividend/coupon	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)	Fully discretionary
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
22	Existence of step up or other incentive to redeem	No
23	Non-cumulative or cumulative	Non-cumulative
24	Convertible or non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	No
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

* 'N/A' indicates that the particular field is not applicable

9. ANNEX III – SPECIFIC REFERENCES TO THE IFR

IFR Reference (Article)	High Level Summary	Compliance Reference
Scope of Disclosure Requirements		
46 (1)	Requirement to publish disclosures for Class 2 IFs	1.2
46 (2)	Requirement to publish disclosures for Class 3 IFs, issuing AT1 instruments	N/A
46 (3)	Requirement to publish disclosures when a Class 3 IFs no longer meets the criteria to be considered a small and non-interconnected IF	N/A
46 (4)	Determination of the appropriate medium and location to publish the disclosures	1.2
Risk management objectives and policies		
47	Investment firms shall disclose their risk management objectives and policies for each separate category of risk, including a summary of the strategies and processes to manage those risks and a concise risk statement approved by the investment firm's management body succinctly describing the investment firm's overall risk profile associated with the business strategy.	3
Governance		
48 (a)	Number of directorships	2.3
48 (b)	Diversity Policy	2.2
48 (c)	Risk Committee and number of times the risk committee has met annually	3.2
Own Funds Composition		
49 (1) (a) to (c)	Requirements regarding disclosure of own funds	4
49 (2)	Requirements regarding disclosure of own funds based on EBA Templates (Regulation (EU) 2021/2284)	4
Own Funds Requirements		
50 (a)	Summary of the investment firm's approach to assessing the adequacy of its internal capital to support current and future activities	5
50 (b)	Upon a request from CySEC, the result of the investment firm's internal capital adequacy assessment process, including the composition of the additional own funds based on the supervisory review process as referred to in point (a) of Article 39(2) of Directive (EU) 2019/2034 ("IFD")	3.4
50 (c)	The K-factor requirements	5.3
50 (d)	The fixed overheads requirement	5.2
Remuneration policy and practises		

51 (a)	Most important design characteristics of the remuneration system, including the level of variable remuneration and criteria for awarding variable remuneration, pay out in instruments policy, deferral policy and vesting criteria	6
51 (b)	Ratios between fixed and variable remuneration	6
51 (c)	Aggregated quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the investment firm	6
51 (d)	Information on whether the investment firm benefits from a derogation laid down in Article 32(4) of Directive (EU) 2019/2034 (“IFD”)	N/A
Investment Policy		
52 (1)	<p>Investment firms which do not meet the criteria referred to in point (a) of Article 32 (4) of Directive (EU) 2019/2034 (“IFD”) disclose the following in accordance with Article 46 of this Regulation:</p> <ul style="list-style-type: none"> (a) the proportion of voting rights attached to the shares held directly or indirectly by the investment firm, broken down by Member State and sector; (b) a complete description of voting behaviour in the general meetings of companies the shares of which are held in accordance with Article 52 (2) of the IFR, an explanation of the votes, and the ratio of proposals put forward by the administrative or management body of the company which the investment firm has approved; (c) an explanation of the use of proxy advisor firms; (d) the voting guidelines regarding the companies the shares of which are held in accordance with article 52 (2) of the IFR 	<p>N/A – 7QFS meets the criterion of point (a) of Article 32 (4) of Directive (EU) 2019/2034</p> <p>(i.e., its average on and off-balance sheet assets are less than EUR 100mio over the last four-year period)</p>
52 (2)	The investment firm referred to in Article 52 (1) of the IFR shall comply with that paragraph only in respect of each company whose shares are admitted to trading on a regulated market and only in respect of those shares to which voting rights are attached, where the proportion of voting rights that the investment firm directly or indirectly holds exceeds the threshold of 5% of all voting rights attached to the shares issued by the company. Voting rights shall be calculated on the basis of all shares to which voting rights are attached, even if the exercise of those voting rights is suspended.	N/A – as per comment in point 52 (1) above)

52 (3)	EBA, in consultation with ESMA, shall develop draft regulatory technical standards to specify templates for disclosure under Article 52 (1) of the IFR.	N/A – as per comment in point 52 (1) above)
<i>Environmental, social and governance risks</i>		
53	From 26 December 2022, investment firms which do not meet the criteria referred to in Article 32(4) of Directive (EU) 2019/2034 shall disclose information on environmental, social and governance risks, including physical risks and transition risks, as defined in the report referred to in Article 35 of Directive (EU) 2019/2034.	N/A – 7QFS meets the criterion of point (a) of Article 32 (4) of Directive (EU) 2019/2034 (i.e., its average on and off-balance sheet assets are <u>less than EUR 100mio</u> over the last four-year period