DISCLOSURES IN ACCORDANCE WITH ARTICLE 431 OF REGULATION (EU) No. 575/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 26 JUNE 2013 ON PRUDENTIAL REQUIREMENTS FOR CREDIT INSTITUTIONS AND INVESTMENT FIRMS, FOR THE YEAR ENDED 31 DECEMBER 2015

April 2016

CONTENTS

1. GENERAL INFORMATION AND SCOPE OF APPLICATION

Company Incorporation and Principal Activities

The Company was incorporated in Cyprus on 29 December 2009 as a private liability company under the Cyprus Companies Law, Cap. 113. The Company was authorized to provide a number of investment and ancillary services by CySEC on 19 October 2010, under CIF license number 123/10.

The principal activities of Colmex Pro Ltd are the provision of investment services to natural and legal persons in accordance with the provisions of the applicable legislation and the requirements issued by the CySEC. Since September 2012 the Company's license was extended in order to also be able to perform own account trading.

The Company is authorized to provide the following investment and ancillary services, in the financial instruments specified below:

Investment services	Ancillary Services	Financial Instruments
Reception and transmission of orders in relation to one or more financial instruments	Safekeeping and administration of financial instruments, including custodianship and related services	• Transferable securities • Money market instruments • Units in Collective Investment Undertakings (CIUs) • 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 • Options, futures, swaps, forward rate agreements and any other derivative

<table>
<tr>
<td>Execution of orders on behalf of clients</td>
<td>Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction</td>
<td rowspan="3">contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event)
• 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 or/and an MTF
• Options, futures, swaps and any other derivative contracts relating to commodities that can be physically settled not otherwise mentioned in paragraph 6 of Part III and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognized clearing houses or are subject to regular margin calls
• Derivative instruments, the transfer of credit risk
• Financial contracts for differences
• Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contract relating to assets, rights, obligations, indices and measures, not otherwise mentioned in this Part, which have the characteristics of other financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognized clearing houses are subject to regular margin calls</td>
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<td rowspan="2">Dealing on own account</td>
<td>Foreign exchange services where these are connected to the provision of investment services</td>
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<td>Investment research and financial analysis or other forms</td>
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Scope of the Disclosures

This report has been prepared in accordance with the requirements of Part Eight of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (hereinafter the "Regulation") and paragraph 32(1) of DI144-2014-14 of the Cyprus Securities and Exchange Commission (the "CySEC") for the Prudential Supervision of Investment Firms. It relates to the year ended 31 December 2015 and it is prepared on an individual (solo) basis.

The Regulation is based on three pillars:

- Pillar I has to do with the standards that set out the minimum regulatory capital requirements required for credit, market and operational risk;
- Pillar II covers the Supervisory Review Process which assesses the internal capital adequacy processes. Investment Firms have to evaluate and assess their internal capital requirements; and
- Pillar III covers transparency and relates to the obligation of Investment Firms to publicly disclose information with respect to their risks, their capital and the risk management structures they have in place.

Disclosure Policy

The Company discloses information in relation to its risk management policies and procedures on an annual basis. For the year ended 31 December 2015 and as per CySEC requirements, the disclosures are published on its website four months after the financial year end.

In particular, the Company has adopted and maintained policies for assessing the appropriateness of its disclosures on a continuous basis. For this reason and in order to enhance efficiency, external advisors have been appointed to assist in the effective monitoring of the Company's risk profile. Periodical reviews are also performed by the Company's General Manager who directly reports to the Board of Directors. The Risk Department is involved at all stages.

2. RISK MANAGEMENT AND GOVERNANCE OF THE COMPANY

2.1 The Board

The Board of Directors is currently composed by 2 (two) executive and 2 (two) non-executive independent directors.

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

The main duties of the Board of Directors of Colmex Pro Ltd are to:

- Ensure proper implementation of the relevant laws and regulations;
- Formulate the Company's business strategy in terms of the development of existing and new services and its presence in the local and international financial markets;
- Govern the Company by broad policies and objectives, formulated and agreed upon by the chief executive and employees;
- Ensure that sufficient resources are available to the Company to carry out its operations;
- Appoint Money Laundering Compliance Officer (MLCO) and define his/her duties and responsibilities;
- Define, record and approve the general policy principles of the Company in relation to the prevention of money laundering and terrorist financing;
- Notify the Company's policy for the prevention of money laundering and terrorist financing to the MLCO;
- Approve the Company's risk management policies and procedures manual;
- Establish a clear and quick reporting chain for transmission of information to the MLCO;
- Assess the Money Laundering function;
- Assess and approve the annual report of the MLCO;
- Assess the Internal Audit Department's members and the efficiency of the mechanisms of internal control;
- Assess the Compliance Function;
- Evaluate and adopt strategies to improve the operation of the internal audit mechanism;
- Review written reports regarding AML, Compliance, Risk Management and Internal Audit;
- Approve the Company's financial statements;

- Review the suitability report prepared by the Company's external auditors; and
- Take decisions on important matters of the Company during Board meetings.

2.1.1 "Four Eyes"

The two executive directors of the Company are the "four eyes" for the management of the Company. Their tasks relate to the general management of the operations of the Company in an orderly and efficient manner, in accordance with the Company's Procedures Manual, as well as the strategy formulation within the parameters of the relevant law and regulations.

2.1.2 General Manager

The General Manager/ CEO/ Managing Director has the overall responsibility of overseeing the day-to-day operations, managing human resources and promoting the services offered by the Company. The General Manager acts as a liaison between the Heads of departments and the Board of Directors. The Heads of departments report to the General Manager and the General Manager reports to the Board of Directors.

2.2 Investment Committee

The Investment Committee of Colmex Pro Ltd has been formed with the purpose of ensuring the formulation and implementation of a proper investment policy.

The responsibilities of the Investment Committee are the following:

- Supervise the proper choice of investments (framework);
- Perform information analysis for a better briefing prior to decision-making;
- Analyze the investment potential and contribute to the elaboration of the investment policy
- Debrief the Internal Auditor;
- Establish, approve, monitor and adjust the Company Investment Policy;
- Establish risk profile categories for each client (e.g. cautious, balance, growth, aggressive);
- Analyze the economic conditions and the investment alternatives based on a thorough examination of third party reports;
- Select appropriate benchmarks for different types of investment activities of the Company, where applicable;

- Examine the returns and the associated risks of the activity connected with the Dealing on Own Account;
- Decide upon the markets and types of financial instruments in which the Company shall be active (i.e. offering to clients and for dealing on own account);
- Establish, approve and monitor the Company's policy and strategy for dealing on own account;
- Review, on an annual basis, the dealing on own account policy established and consider the recommendations of the Head of the Dealing on Own Account Department. Such a review shall also be carried out whenever a material change occurs; and
- Monitor the performance of portfolios that the Company shall be dealing on own account, as applicable.

The Investment Committee convenes at least annually, either in the offices of the Company or via conference call. The Investment Committee held two meetings during 2015.

Investment Committee consists of the following members:

- General Manager
- Risk Management Department staff

2.3 Risk Management Department

The Risk Management department is responsible for the compliance and monitoring of all transactions in the context of legality, avoidance of conflicts of interest, insider dealing and preservation of confidential information. The Risk Management department is also responsible for the determination, evaluation and efficient management of the risks inherent in the provision of the investment services.

The scope of the Risk Management department is to ensure that, in providing the investment and ancillary services, the Company remains compliant with the provisions of the applicable legislation and the Directives issued by CySEC with regards to capital adequacy and other risk-related issues, as well as with the internal regulations of the Company.

The Head of the department is responsible to apply risk management and ensure compliance with the Company's policy and internal regulation.

Specifically, the responsibilities of the Risk Management Department are the following:

- Develop a policy regarding the assumption, follow up and management of risk which includes guidelines regarding possible risk exposure and acceptable risk levels;
- Develop a risk management policy for credit risk, liquidity risk and market risk;
- Perform periodic assessments on the pricing policy with respect to all offered services taking into account the cost, the competitor's pricing policy and the cost- benefit analysis;
- Assess the quality and financial status of the Company's clients when opening a new client account and the classification of clients according to the Company's risk criteria and limits;
- Assess the quality and financial status of counterparties when signing a counterparty agreement and the classification of the counterparty according to Company's risk criteria and limits;
- Evaluate the risks associated with transactions executed with the Company's clients;
- Monitor the compliance with stop loss control limits;
- Monitor the investment risk undertaken by the Company for each client, counterparty and as a whole;
- Estimate the risk of the Company's clients and counterparties participation in money laundering and/or terrorist financing and act in accordance;
- Monitor the deals executed with counterparties in relation to financial instruments' market prices;
- Monitor the brokerage transactions as regards adherence to established risk limits;
- Monitor the risk associated with margin trading clients;
- Evaluate and monitor the market risk parameters on all target financial instruments;
- Model and evaluate the influence of changes in parameters of market risks in relation to the Company's controls and management of critical situations;
- Monitor day-to-day operational risks;
- Build a risk aware culture within the organisation and provide the relevant training;
- Maintain appropriate internal control systems designed to manage key risk areas;
- Regularly follow up on the effectiveness of the management of the risks assumed by the Company;
- Scrutinize the Company's compliance with the arrangements, processes and mechanisms adopted to manage the risks relating to the Company's activities, processes and systems in light of the level of risk tolerance;

- Scrutinize the adequacy and effectiveness of measures taken to address any deficiencies in policies, procedures, arrangements, processes and mechanisms, for managing risks relating to the Company's activities, processes and systems, including failures by the relevant persons of the Company to comply with such arrangements, processes and mechanisms or follow such policies and procedures; and
- Prepare an annual written report to the Board of Directors on the matters of his/her responsibility indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies.

2.4 Compliance / Anti-Money Laundering Officer

The Compliance / Anti-Money Laundering Officer reports directly to the Board of Directors and is responsible for:

- Ensuring compliance with laws, regulations and directives issued by CySEC;
- Ensuring implementation of the procedures described in the Company's Procedures Manual;
- Monitoring and assessing the adequacy of the existing policies and procedures for detecting the risk of failure by the Company to comply with its regulatory obligations, as well as the associated risks, and making sure that the Company takes into account the nature, scale and complexity of its business and the nature and range of investment services and activities undertaken in the course of that business;
- Ensuring that Company employees attend training sessions on compliance with applicable laws, rules and regulations as well as anti-money laundering and terrorist financing procedures;
- Providing advice and guidance to Company employees;
- Ensuring that the Company complies with its continuous obligations to CySEC (e.g submission of Capital Adequacy Return, annual reports, notifications to CySEC regarding changes in the Company's structure, services, personnel, procedures, etc);
- Ensuring the implementation of the "know your client" procedures of the Company;
- Communicating with regulatory bodies;
- Assisting regulatory bodies in performing inspections of the Company's activities;
- Gathering information with regards to the new customers of the Company;
- Analyzing the customers' transactions;
- Continuously improving the existing control procedures;

- Reviewing marketing communications and making sure that they have been prepared in accordance with legal requirements;
- Advising and assisting employees to comply with the Company's regulatory obligations;
- Recommending specific remedial measures, in case of detection of any weakness or failure by the Company to comply with its obligations under applicable laws and regulations; and
- Providing a written annual report to the Board of Directors on the matters of his/her responsibility, indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies.

2.5 Internal Audit

The Internal Audit function is outsourced to an external firm and is an element of the internal control framework established by management to examine, evaluate and report on financial and other controls on operations. The Internal Audit function assists management in the effective discharge of its responsibilities by examining and evaluating controls.

It is an independent unit reporting directly to the Board of Directors through a written report prepared on an annual basis.

2.6 Information flow on risk to the management body

The following table indicates the main risk-related reports prepared by the various functions of the Company, ensuring the satisfactory flow of all relevant and important information on risk to the management body:

Report Name	Report prepared by	Recipient	Frequency
Risk Management Report	Risk Manager	CySEC, Board	Annually
Internal Capital Adequacy Assessment Process Report	Risk Manager	CySEC, Board	Annually
Compliance Report	Compliance Officer	CySEC, Board	Annually
Internal Audit Report	Internal Auditor	CySEC, Board	Annually
Anti-Money Maundering Report	Anti-Money Laundering Compliance Officer	CySEC, Board	Annually
Suitability Report	External Auditors	CySEC, Board	Annually

2.7 Board – Recruitment Policy

For the positions of the members of the Board of Directors, the General Manager and other managerial positions, the Company selects the most appropriate candidate who shall be of sufficiently good repute and sufficiently experienced as to ensure the sound and prudent management of the CIF. The final approval is given by CySEC.

The Board of Directors decides whether a potential candidate is "fit and proper" taking into consideration various factors such as:

1. Skills and knowledge of the candidate in accounting, finance, law, business administration and other related areas;
2. Integrity, honesty, trustworthiness;
3. Knowledge of the financial sector and of the governing regulatory framework;
4. Sound business judgment;
5. Relevant previous experience; and
6. Clear criminal record.

In examining a new candidate, the Board of Directors determines whether the applicant is considered to be suitable and CySEC's approval is then sought.

2.8 Board – Diversity Policy

Diversifying the Board has the following benefits:

- More effective decision making
- Better utilisation of the talent pool
- Enhancement of corporate reputation and investor relations by establishing the Company as a responsible corporate citizen

The Company perceives that directors are expected to collectively apply operational and financial strategies for the organisation and monitoring of the efficiency of the Company's policies and practices. Colmex Pro is committed to develop a robust corporate governance framework, by establishing a diverse and independent working environment at all levels. The General Manager in cooperation with the Compliance and Risk Management Department are responsible for ensuring that the Board of Directors is at all times well diversified. By having a diverse Board, the Company is benefited from the variety in the skills, experience, knowledge and background of each member of the Board.

2.9 Number of directorships held by members of the Board

The table below provides the number of directorships held by each member of the management body of the Company at the same time in other entities. Directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below:

Position within Colmex Pro Ltd	Directorships in other entities
Executive Director 1	-
Executive Director 2	2
Non – Executive Director 1	-
Non – Executive Director 2	2

2.10 Board Declaration – Adequacy of the Risk Management Arrangements

The declaration on the adequacy of risk management arrangements of the Company is provided in Annex I. This is approved by the Board and provides assurance that the risk management systems in place are adequate with regards to the Company's profile and strategy.

2.11 Risk Statement

The Company's risk statement is provided in Annex II. This is approved by the Board and it describes the Company's overall risk profile associated with the business strategy.

3. OWN FUNDS

The Own Funds of the Company as at 31 December 2015 consisted solely of Tier 1 capital and amounted to USD 3.467 thousand. An analysis is provided in Table 1 below:

Table 1: Capital Base

	31 December 2015 ($ ‘000)
Original Own Funds (Tier 1)	
Share Capital	1
Share Premium	1.459
Retained Earnings	-873
Audited profit/(loss) for the period	3.085
Total Eligible Own Funds before deductions	**3.672**
Tier 1 Deductions	
Intangible Assets	-205
Total Eligible Own Funds after deductions	**3.467**

Authorized Share Capital

The authorized share capital of Colmex Pro Ltd amounts to €10.000.

4. CAPITAL REQUIREMENTS

Minimum regulatory capital requirements

The total capital requirements of the Company as at 31st December 2015 were USD 2.853 thousand and are analyzed in Table 2 below:

Table 2: Minimum Capital Requirements

	31 December 2015 ($ '000)
Risk Category	
Credit Risk	297
CVA Risk	0
Market Risk	1.924
Operational Risk	632
Total	**2.853**

The Capital Adequacy Ratio of the Company as at 31 December 2015 was 9,72%.

4.1 Credit Risk

General

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration on credit risk. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history, as well as to limit the amount of credit exposure to any financial institution.

Capital Requirements

The Company follows the Standardized Approach for the calculation of the minimum capital requirements for credit risk.

Tables 3 and 4 below present the Company's credit risk exposure and average exposure, risk weighted assets ("RWA") and minimum capital requirements as at 31 December 2015, broken down by exposure class:

Table 3: Exposure Classes by Risk Weighted Assets and Minimum Capital Requirements

Exposures as at 31 December 2015	Risk Weighted Assets ($ '000)	Minimum Capital Requirements ($'000)
Exposure Class		
Public Sector Entities	79	6
Institutions	556	44
Corporates	2.749	220
Equity	38	3
Other Items	297	24
Total	**3.719**	**297**

Table 3: Exposure Classes by Average and Total Exposure Value

Exposures as at 31 December 2015	Average Exposure Value ($ '000)	Total Exposure Value (Before & After CRM) ($ '000)
Exposure Class		
Public Sector Entities	79	79
Institutions	2.919	2.728
Corporates	2.474	2.748
Equity	49	38
Other Items	166	297
Total	**5.687**	**5.890**

Table 5: Exposure amount per risk weight

Exposures as at 31 December 2015	Exposure Amount (before & after CRM) ($ '000)
Risk Weight	
20%	2.720
100%	3.162
150%	8
Total	**5.890**

Risk Weighted Assets and Credit Quality Steps

For the credit ratings of institutions the Company made use of the ratings of Moody's and mapped them to the corresponding Credit Quality Step ("CQS") in accordance with the mapping provided below.

Credit Quality Step	Moody's
1	Aaa to Aa3
2	A1 to A3
3	Baa1 to Baa3
4	Ba1 to Ba3
5	B1 to B3
6	Caa1 and below

The Other Items category includes property, plant and equipment and accrued tax. A risk weight of 100% was applied to Other Items.

The Public sector entity includes the Company's exposure to Investors' Compensation Fund as per paragraph 13(3) of Directive DI144-2014-15 on the national discretions of the CySEC.

As at 31 December 2015, credit ratings were used only for the Institutions asset class, since all exposures under the Corporates, Equity and Public Sector Entities exposure classes were unrated.

A breakdown of the exposure amount by CQS is provided in the following table:

Table 6: Breakdown by CQS

Exposures as at 31 December 2015	Exposure values (before & after CRM) ($ '000)
Credit Quality Step	
1	-
2	1.695
3	501
4	-
5	-
6	121
Unrated/ Not Applicable	3.573
Total	**5.890**

Table 7 below analyses the Company's credit risk exposures by residual maturity:

Table 7: Exposure Classes and Residual Maturity

Exposures as at 31 December 2015	Maturity ≤ 3 months ($ '000)	Maturity > 3 months or N/A ($ '000)	Total ($ '000)
Exposure Class			
Public Sector Entities	-	79	**79**
Institutions	2.720	8	**2.728**
Corporates	690	2.058	**2.748**
Equity	-	38	**38**
Other Items	-	297	**297**
Total	**3.410**	**2.480**	**5.890**

Table 8 presents the geographic distribution of the Company's exposures, by exposure class:

Table 8: Exposure classes by Country

Exposures as at 31 December 2015	Cyprus ($ '000)	UK ($ '000)	US ($ '000)	Israel ($ '000)	Other ($ '000)	Total ($ '000)
Exposure Class						
Public Sector Entities	79	-	-	-	-	**79**
Institutions	84	1.413	1.153	-	78	**2.728**
Corporates	20	18	674	1.866	170	**2.748**
Equity	38	-	-	-	-	**38**
Other Items	297	-	-	-	-	**297**
Total	**518**	**1.431**	**1.827**	**1.866**	**248**	**5.890**

Table 9 below presents the breakdown of the Company's exposures into industry sectors, analysed by exposure class:

Table 9: Breakdown of Exposures into Industry Sectors

Exposures at 31 December 2015	Financial Sector ($ '000)	Other ($ '000)	Total ($ '000)
Exposure Class			
Public Sector Entities	79	-	**79**
Institutions	2.728	-	**2.728**
Corporates	-	2.748	**2.748**
Equity	38	-	**38**
Other Items	-	297	**297**
Total	**2.845**	**3.045**	**5.890**

The Company is subject to Counterparty Credit Risk through its positions in derivative contracts with its counterparties, and has employed the Mark-to-Market method to calculate the capital requirement arising from these exposures. The resulting capital requirement is USD 158 thousand. Details of the Company's Mark-to-Market calculations, as at 31st December 2015, are provided in the Table below:

Table 10: Counterparty Credit Risk Exposures

Exposures as at 31 December 2015	Positive Fair Value ($ '000)	Negative Fair Value ($ '000)	Exposure (before & after CRM) ($ '000)	Risk Weighted Assets ($ '000)	Capital Requir. ($ '000)
FX, Equity & Commodity CFDs	**1.131**	**- 284**	**1.978**	**1.978**	**158**

Wrong-way risk

Wrong way risk occurs when the exposure to a counterparty is adversely correlated with the credit quality of that counterparty, i.e. changes in market rates have an adverse impact on the probability of default (PD) of a counterparty. This risk is not currently measured as it is not estimated as significant.

Impairment of assets

Assets (other than biological assets, investment property, inventories and deferred tax assets) that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

At the end of the reporting period for the financial year 2015 the management of the Company has assessed its investment in Bank of Cyprus available for sale shares which resulted from the conversion of its uninsured deposits into shares on the basis of the decrees and related measures for the bank's recapitalization, and recognized an impairment loss of USD 23.472. As a consequence, the Company's investment in Bank of Cyprus available for sale shares decreased from USD 61.057 to USD 37.585.

Default exposures

There were no material past due exposures as at 31 December 2015 and no provisions were made up to that date.

4.2 Operational Risk

General

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks. The Company's directors are responsible for managing operational risk and have identified the following risks which are considered significant to the Company:

Technology

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

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

Capital Requirements

The Company applies the Basic Indicator Approach for calculating the amount of capital required for Operational Risk. As at 31 December 2015, the minimum capital requirements under this approach, based on the gross-income average of the last three years, amounted to USD 632 thousand.

4.3 Market Risk

General

Market risk changes in line with fluctuations in market prices, such as foreign exchange rates, interest rates, equities and commodities prices. These market prices affect the Company's income indirectly as a result of the increase or decrease in the clients' activities, as well as the foreign exchange differences. The Table below shows the capital requirements for Market risk as at 31st December 2015:

Table 11: Minimum Capital Requirements for Market Risk

Amounts as at 31 December 2015	Minimum Capital Requirement ($ '000)
Foreign Exchange Risk	176
Interest Rate Risk	0
Commodity Risk	1
Equity Risk	1.747
Total	**1.924**

4.3.1 Currency Risk

Currency risk results from adverse movements in the rate of exchange on transactions in currencies other than the Company's reporting currency. As at the reporting date the Company was exposed to several foreign currencies, arising both from its assets and liabilities and from its positions in FX instruments. The Company also held some positions in gold, which are also subject to currency risk.

4.3.2 Interest Rate risk

Interest rate risk is the risk that movements in market interest rates will adversely impact the financial results of the Company. The Company is exposed to Interest rate risk through its positions in FX instruments, which are booked in the Trading Book. However, due to their short residual maturity, the resulting capital requirement is zero.

4.3.3 Commodity Risk

Commodity risk arises from the positions of the Company in derivative contracts for which the underlying instruments are commodities. The capital requirement for Commodity risk was calculated using the Simplified Approach.

4.3.4 Equity Risk

Equity risk is the risk of loss resulting from fluctuations in the price of stocks or changes that relate to the issuer of a share or the stock market in general. The Company is exposed to Equity risk through its positions in equity CFDs and stock index CFDs which are booked in the Trading Book.

4.4 Liquidity Risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company considers that its liquidity risk is significantly low.

4.5 Approach to Internal Capital Adequacy Assessment Process

In accordance with the Directive DI144-2014-15 of CySEC on the Capital Requirements of Investment Firms:

- Colmex Pro Ltd shall have in place sound, effective and complete strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital that it considers adequate to cover the nature and level of the risks to which it is or might be exposed. In this respect, Colmex Pro Ltd shall adopt the relevant guidelines issued by CySEC.

- These strategies and processes shall be subject to regular internal review to ensure that they remain comprehensive and proportionate to the nature, scale and complexity of the activities of the Company.

As a result of the above mentioned requirements, the Company has in place an Internal Capital Adequacy Assessment Process (“ICAAP”).

The ICAAP is an internal tool which allows Colmex Pro to assess its position and determine the amount of internal capital it needs to hold in order to be covered against all the risks it is facing or against the risks to which it may be exposed in the future.

The ICAAP comprises of all the measures and procedures adopted by the Company, with the purpose of ensuring:

- the appropriate identification and measurement of risks;
- an appropriate level of internal capital in relation to the Company’s risk profile; and
- the application and further development of suitable risk management and internal control systems and tools.

The ICAAP is clearly owned and approved by Colmex Pro Ltd’s Board of Directors.

From the Company’s perspective, the ICAAP:

- Is a key element of its day to day governance process and its strategic management initiatives;
- Promotes a comprehensive risk management framework;
- Aligns capital with risk management and strategy; and
- Provides a tool for communicating to the Board and the regulator the key aspects of its risk management and governance frameworks.

5. LEVERAGE RATIO

The leverage ratio is a new monitoring tool which allows competent authorities to assess the risk of excessive leverage in their respective institutions. It is a simple, non-risk-based ratio that has been introduced in the Basel III framework to constrain the build-up of excessive leverage.

This new regulatory and supervisory tool has been running since 1st January 2015.

Leverage ratio is defined as the capital measure (i.e. the institution's Tier 1 capital) divided by the exposure measure as this is defined in the European Commission's Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No. 575/2013 of the European Parliament and of the Council with regards to the leverage ratio. It is noted that the final calibration, and any further adjustments to the definition, will be completed by 2017, with a view to migrating to a Pillar 1 minimum capital requirement on 1 January 2018.

The Company's leverage ratio as at the reference date was 58,86%, the minimum suggested allowable being 3%.

The Table below provides a reconciliation of accounting assets and leverage ratio exposure:

Table 12: Summary reconciliation of accounting assets and leverage ratio exposures

Amounts as at 31 December 2015		Applicable Amounts €'000
1	Total assets as per published financial statements	4.957
4	Adjustments for derivative financial instruments	847
7	Other adjustments	86
8	**Total leverage ratio exposure**	**5.890**

The following Table provides a breakdown of the exposure measure by exposure type.

Table 13: Leverage ratio common disclosure

Amounts as at 31 December 2015		CRR leverage ratio exposures €'000
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	4.117
2	(Asset amounts deducted in determining Tier 1 capital)	-205
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	3.912
Derivative exposures		
4	Replacement cost associated with *all* derivatives transactions (i.e. net of eligible cash variation margin)	1.131
5	Add-on amounts for PFE associated with *all* derivatives transactions (mark-to-market method)	847
11	**Total derivative exposures (sum of lines 4 to 10)**	1.978
Securities financing transaction exposures		
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	0

Other off-balance sheet exposures		
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	0
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
Capital and total exposures		
20	**Tier 1 capital**	3.467
21	**Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	5.890
Leverage ratio		
22	**Leverage ratio**	**58,86%**

The following Table provides a breakdown of total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) by asset class:

Table 14: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

Amounts as at 31 December 2015		**CRR leverage ratio exposures €'000**
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**4.118**
EU-2	**Trading book exposures**	**64**
EU-3	**Banking book exposures, of which:**	**3.848**
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	-
EU-6	Exposures to regional governments, MDBs, international organisations and PSE NOT treated as sovereigns	79
EU-7	Institutions	2.729
EU-8	Secures by mortgages of immovable properties	-
EU-9	Retail exposures	-
EU-10	Corporate	707
EU-11	Exposures in default	-
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	334

Description of the processes used to manage the risk of excessive leverage

In order to manage the risk of excessive leverage, the Company ensures that its Leverage ratio is always above the current 3% proposed regulatory limit. Furthermore, the Company monitors its leverage ratio on a monthly basis.

6. REMUNERATION

As part of the Company's performance management and its commitment to the ongoing development of its people, Colmex Pro Ltd operates an annual Performance Appraisal programme, in which all staff participates.

The main purpose of the Performance Appraisal procedure is to ensure that, at least once a year, the CEO meets with each employee to discuss his/her performance and professional development and set new goals for the new period. This includes:

- A review of the employee's performance during the period since the last appraisal or since joining the Company;
- Agreement on the work objectives and priorities to be achieved in the coming 12 months; and
- Discussion of any issues identified by either the employee or the CEO.

It is important to note that this appraisal process is not designed to replace ongoing feedback and discussion, but to enhance the communication that is already taking place between the CEO and the individuals. To achieve this, the Company takes the necessary steps to ensure that this takes place in a continuous manner throughout the year.

The final decisions with regards to the fixed and variable remuneration levels and salary increases of staff are taken by the CEO in consultation with the second general manager and Executive Director of Colmex Pro Ltd. Apart from the discussions held with employees, this decision-making process is informed by the observed employee performance which is based on a number of parameters such as the speed of conducting the assigned tasks, the quality of the end results, the achievement of the set goals, the quality of customer service and speed of order execution (where applicable), and the overall commitment to the Company and its values.

The aggregate remuneration of the Company's personnel for the year ended 31 December 2015, broken down by business area, is as follows:

Table 15: Annual Aggregate Remuneration by Business Area

Business Area	Aggregate Remuneration ($ '000)
Control Functions	302
Reception, Transmission & Execution of orders and Back Office	258
Total	**560**

Control functions include the CEO & Executive Director, the Head of Dealing, the Head of Own Account and Compliance/ML Officer & Risk Manager.

Table 16 below provides information on the remuneration of 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 16: Fixed and Variable Remuneration by Senior Management and Other Staff

Personnel	No. of people during 2015	Fixed (Cash) ($ '000)	Variable (Cash) ($ '000)	Aggregate Remuneration ($ '000)
Senior Management	6	312	34	**346**
Other risk takers/Other staff	11	210	4	**214**
Total	**17**	**522**	**38**	***560***

The Company did not pay any non-cash remuneration during 2015.

"Senior Management" consists of the Executive Director and the heads of departments, while "Other risk takers/Other Staff" includes the staff employed in the departments presented in Table 15 above.

ANNEX I – Declaration

Board Risk Management Declaration

The Risk Management Department, in close cooperation with the Investment Committee and the Board of Directors, are entitled to review and assess the efficiency of the risk management strategies and systems adopted by Colmex Pro Ltd.

The said procedures and strategies are designed to manage the risks that the Company might face during its operations.

The Board perceives that the Company has developed and established appropriate systems and mechanisms for the identification, prevention and mitigation of the risk.

ANNEX II – Risk Statement

Board approved Risk Statement

The management and the Board of Directors of Colmex Pro Ltd recognize that risk is embedded in all of the Company's activities and consider the development of a robust risk management framework as a matter of particularly high importance.

The Company is exposed to market risk, business risk, political risk, credit risk, operational risk, liquidity risk, interest rate risk, counterparty risk, money laundering and terrorist financing risk, compliance risk, regulatory risk, reputation risk and information and technology risk.

The Company has applied adequate mechanisms and systems to detect the risks faced during its operation. The table below illustrates the analysis of the material risks identified and the controls that the Company already has in place to manage and mitigate them.

Risk Type	Specific Risk	Controls in place
Market Risk	**Foreign Exchange Risk**	The Company implements a hedging strategy to minimize its exposure to this risk.
	Equity Price Risk	There are policies in place which ensure that dealers perform daily checks of the leverage granted to clients and when this is not within the specified tolerable limits, the leverage is reduced or the trades are liquidated. A hedging strategy for equity positions is also in place.
Business Risk	**Competitive Risk**	The Company continuously monitors the actions of its major competitors and ensures that it stays ahead of competition.

The risk appetite enables the Company to be proactive. The Board of Directors is aware of the Risk mechanism and measures used to monitor the Company's Risk Profile.

ANNEX III – Balance sheet reconciliation

Balance Sheet Description (as per published financial statements)	Amounts ($ ‘000)
Share Capital	1
Share Premium	1.459
Retained earnings	1.809
Dividend paid	(2.682)
Audited income / (loss) for the year	3.085
Intangible assets/Goodwill	(205)
Total Own Funds	**3.467**

ANNEX IV – Own funds disclosure template under the Transitional and Fully phased in definition

At 31 December 2015	Transitional Definition $ '000	Full - phased in Definition $ '000
Common Equity Tier 1 capital: instruments and reserves		
Capital instruments and the related share premium accounts	1.460	1.460
Retained earnings	2.212	2.212
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	0	0
Funds for general banking risk	0	0
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**3.672**	**3.672**
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Intangible assets (net of related tax liability)	(205)	(205)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	0	0
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**(205)**	**(205)**
Common Equity Tier 1 (CET1) capital	**3.467**	**3.467**
Additional Tier 1 (AT1) capital	**0**	**0**
Tier 1 capital (T1 = CET1 + AT1)	**3.467**	**3.467**
Tier 2 (T2) capital	**0**	**0**
Total capital (TC = T1 + T2)	**3.467**	**3.467**
Total risk weighted assets	**35.662**	**35.662**
Common Equity Tier 1	9,72%	9,72%
Tier 1	9,72%	9,72%
Total capital	**9,72%**	**9,72%**

Definitions:

- The Common Equity Tier 1 (CET1) ratio is the CET1 capital of the Company expressed as a percentage of the total risk weighted assets for covering Pillar I risks.
- The Tier 1 (T1) ratio is the T1 capital of the Company expressed as a percentage of the total risk weighted assets for covering Pillar I risks.
- The Total Capital ratio is the own funds of the Company expressed as a percentage of the total risk weighted assets for covering Pillar I risks.