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MAYZUS INVESTMENT COMPANY LTD

RISK MANAGEMENT OBJECTIVES & POLICIES DISCLOSURES IN ACCORDANCE WITH THE DIRECTIVE DI144-2007-05, ANNEX XII

31 DECEMBER 2013

MAY 2014

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1. SCOPE OF APPLICATION

The following information is disclosed in accordance with the Directive DI144-2007-05, ANNEX XII.

Mayzus Investment Company Ltd ("MIC") is an independent international financial markets participant and leading provider of on-line trading services for retail and institutional investors.

The company is registered as a Cyprus Investment Firm under the registration number HE230122 and licensed by CySEC (Cyprus Securities and Exchange Commission) under the license number 093/08 in accordance with MiFlD.

The main investment services in company's portfolio are:
- Reception and transmission of orders in relation to one or more financial instruments,
- Execution of orders on behalf of clients,
- Dealing on own account,
- Portfolio management.

There are also other ancillary services.

2. CAPITAL BASE

The MIC's Own capital based on the Directive is represented by original own funds, which include share capital, reserves less losses for the financial period, Tier 2 capital and there are statutory deductions, associated with Large Exposures .

ELIGIBLE OWN FUNDS	**'000, Euro**
ORIGINAL OWN FUNDS (Tier 1 Capital)	829
ELIGIBLE ADDITIONAL OWN FUNDS (Tier 2 Capital)	229
DEDUCTIONS	-269
TOTAL ELIGIBLE OWN FUNDS	**789**

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3. GROUP RISK MANAGEMENT

The Board of Directors (BoD) has the ultimate responsibility for the risk appetite and the monitoring of risks of MIC on a regular basis. Additionally, the BoD is responsible for monitoring the capital adequacy of the company on a solo and consolidated basis.

The BoD has appointed a subcommittee – the BoD Risk Management Committee, with the following mandate:

(a) the formation of the MIC's policy in respect of the limits and the pricing terms for the undertaking of risks,

(b) to ensure that the company has sufficient capital and reserves to support the risks undertaken,

(c) the continuous review of the adequacy of the limits set for the undertaking of risks, stop-loss mechanisms or other mitigating factors.

MIC's Risk Management Department ("RMD") is responsible to monitor all risks of the company.

The RMD is responsible for assessing risk and quantifying the extra capital required. The calculations due to their nature, in certain cases, are based on the use of expert judgment.

The process followed is analysed in three steps:
- Identification/assessment of the risk (both current and anticipated),
- Existing (or intended) measures of limitation/mitigation of the risk,
- Calculation of the need for extra capital (or not).

RMD reports to the CEO and Managing Director as well as directly to the Board of Directors.

4. CAPITAL REQUIREMENTS

MIC follows the Standardised Approach for the calculation of the capital requirement for credit risk, market risk and operational risk.

Capital deemed necessary to be maintained by the company at the end of 2013 was:

Regulatory own funds and Capital Adequacy Ratio	**2013**
	EUR '000
Eligible own funds	789
Credit, counterparty credit and Dilution Risk and Free Deliveries Capital Requirements	123
Position, foreign exchange and commodities capital requirements	12
Operational Risk Capital Requirements	317
Total Capital Requirements	452
Capital Adequacy Ratio	14%

Asset classes and risk weighted amounts as at 31 December 2013 are presented below. Moody's Rating was used:

Asset Class	Risk Weighted Amount EUR '000	Minimum Capital Requirement EUR '000
Institutions	1.883	30
Corporates	1061	85
Other	103	8
TOTAL	3.047	120

5. CREDIT RISK MANAGEMENT

5.1 Definition of Credit Risk

Credit risk is the risk MIC suffers losses as a result of customers and/or counterparties defaulting on their contractual obligations. This risk primarily arises from trade finance activities and treasury operations. It may also arise as a result of a downgrade in the credit ratings of banks.

5.2 Risk Management Department

RMD establishes procedures for identifying, evaluating and measuring risks, in line with the strategic goals of the company, as defined by the Board of Directors.
Credit risk management in the Banking and Trading Book is centralized and performed by the RMD.

5.3 Risk Management Procedures

For the purposes of better management of credit risk there is an ongoing review of MIC's credit policies and the monitoring of compliance with these policies by the relevant business lines. RMD is also responsible for issuing directions to the various business lines based on the risk appetite for specific market segments, operations and specific financial products. Where necessary, RMD may impose restrictions on new operations, based on the assessment of the risk undertaken and the evolving economic conditions.

RMD informs and advises various company's business lines of the credit risks that may arise, it organizes trainings of personnel and applies the appropriate systems for measuring and monitoring credit risk. In addition, RMD monitors international credit rating agencies, as well as supervising authorities on matters pertaining to the management of credit risk.

6. OPERATIONAL RISKS MANAGEMENT

6.1 Definition of Operational Risk
Operational risk is the risk of loss arising from inadequate or failed internal procedures, human behaviour and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risk.

6.2. Operational Risk Requirement as at 31 December 2013
The operational risk capital requirement was calculated to Euro 317,000 which was based on the past years figures as follows:

	Last Year EUR '000	**Year 2 EUR '000**	**Year 3 EUR '000**
Net income from investing activities	1,850	2,359	2,133
Average		2,114	
Capital Requirement		317	

6.3 Risks Management Department

RMD is responsible for the identification, measurement, assessment, monitoring and mitigation of operational risks. It provides guidance and advice to the company's business lines, Head Office departments and acts as a means of communication to and from the business lines and the Board of Directors.

6.4 Operational Risks Management Procedures

The procedures applied by the MIC Risks Management Department include the identification, measurement, assessment, monitoring, control, mitigation and reporting of the operational risks assumed or to be assumed by the company.
The RMD uses the following for the identification and management of risks:
- Workshops
- Checklists
- Internal audit reports
- External audit reports
- Key Risk Indicators (KRIs)
- Register of recording and monitoring of risks

6.5 Reporting Systems
All the information, including existing data, is included in the annual reports of the department. The report covers the following:

- System failures and interruptions
- Losses/errors/near misses
- Events that may affect the Group's reputation
- Key Risk Indicators
- Assessment reports from the business lines
- Cases handled by the Compliance Officer.

7. INTERNAL AUDIT

The Internal Audit advises the Board of Directors and the Chief Executive Officer on the suitability of the company's Operational Risk Management procedures. Internal Audit also monitors the implementation of the strategy and policy for the management of the MIC's Operational Risks.

8. REMUNERATION POLICY

The updated Directive DI144-207-05 incorporates now the requirements established by the Remuneration Guidelines for firms providing investment services recently published by ESMA.

The Guidelines aim to strengthen investor protection by seeking to improve the implementation of the MiFID rules on conflicts of interest. Thus new regulations were developed to ensure that investment companies have appropriate remuneration policies and practices in place.

The Company has reviewed and updated its remuneration policy for risk-taking functions, taking into account their size, internal organization and the nature, scope and complexity of its activities and without prejudice to the provisions of the Processing of Personal Data (Protection of Individuals) Law. Based on the above principles, as covered personnel (senior management and members of staff whose actions have a material impact on the risk profile of the investment firm) have been determined the members of the Board of Directors only.

The Company's remuneration policy is determined by the Board of Directors. The remuneration of the Company's officers, covered by the policy, is based on fixed basis with no variable component.

Present disclosure is required to provide for the information as follows:

Aggregate 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, indicating the following:

(i) The amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries;

The total remuneration of the five Directors for the year ended 31 December 2013 was as follows:

	EUR '000, range
Fixed Emoluments in their executive capacity	100-150

(ii) The amounts and forms of variable remuneration, split into cash, shares, share linked instruments and other types; - NONE.

(iii) The amounts of outstanding deferred remuneration, split into vested and unvested portions; - NONE.

(iv) The amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments; - NONE.

(v) New sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments; - NONE.

(vi) The amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person; - NONE.