BrightPool

According to Directives DI144-2014-14 and DI144-2014-15 of the Cyprus Securities & Exchange Commission for the prudential supervision of investment firms and Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms

PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

30 September 2021

Contents

1. OVERVIEW

1.1. Introduction

Brightpool Ltd (hereinafter “BrightPool” or “the Company”), which is authorised and regulated by the Cyprus Securities and Exchange Commission (hereinafter the “CySEC”) as a Cyprus Investment Firm (“CIF”) under license number 378/19. The Company obtained its license on 6th of August 2019 and commenced operations on 3rd of October 2019.

The Company offers Investment and Ancillary services and acts as a liquidity provider/market maker for transferable securities (“Turbo warrants”). Specifically, the Company offers quotes to buy/sell turbo warrants on exchange and upon notification of execution from the exchange, to price and deliver/receive turbo warrants through a custodian and settlement agent.

The ultimate parent undertaking and controlling party is IG Group Holdings PLC (“IG Group”), a company listed on the London Stock Exchange and incorporated in the United Kingdom. The Company is controlled by Market Data Ltd, incorporated in United Kingdom, which owns 100% of the Company's shares.

The ultimate parent entity which prepares the consolidated financial statements of the largest group of companies of which the Company forms part as a subsidiary, is IG Group Holdings PLC, incorporated in United Kingdom and its consolidated financial statements are available on its website. Market Data Ltd, incorporated in United Kingdom is the parent entity which prepares the consolidated financial statement of the smallest group of companies of which the Company forms part as a subsidiary.

The Company is authorised to provide the following **Investment Services**, in accordance with Part I of the First Appendix of the Law 87(I)/2017 as amended:

1. Reception and transmission of orders in relation to one or more financial instruments.
2. Execution of orders on behalf of clients.
3. Dealing on own account.

The Company is authorised to provide the following **Ancillary Services**, in accordance with Part II of the First Appendix of the Law 87(I)/2017, as amended:

1. Safekeeping and administration of financial instruments for the accounts of clients, including custodianship and related services such as cash/collateral management.
2. Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transactions.
3. Foreign exchange services where these are connected to the provision of investment services.

The Company is authorised to provide the aforementioned investment and ancillary services, as applicable for each service, for the following **Financial Instruments**, in accordance with Part III of the First Appendix of the Law 87(I)/2017, as amended:

1. Transferable Securities.

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Company License Information based on the First Appendix of the Law 87(I)/2017, as amended

1.2. Scope and Frequency of Disclosures

This report has been prepared in accordance with Section 4 (Paragraph 32) of the CySEC Directive DI144-2014-14 of 2014 (the “Directive”) for the prudential supervision of investment firms which implements the Regulation (EU) 575/2013 (the “Regulation” or CRR) and the European Directive 2013/36/EU (the “European Directive” or CRD IV).

The Regulation framework consists of a three “Pillar” approach:

- The Pillar 1: The minimum capital requirement relating to risks faced by the Company.
- The Pillar 2: BrightPool calculates under Pillar 2 the capital amount that it considers necessary to cover risks within its Internal Capital Adequacy Process (ICAAP).
- The Pillar 3: Pillar 3 is a market discipline, the aim is to encourage market discipline by developing a set of disclosure requirements which will allow market participants to assess key information on firms’ capital adequacy, risk assessment and control processes.

According to the Directive, the risk management disclosures should be included in either the financial statements of the investment firms if these are published, or on their websites. The Pillar III disclosure requirements are contained in Articles 431 to 455 of the Regulation. In addition, these disclosures must be verified by the external auditors of the investment firm. The investment firm will be responsible to submit its external auditors’ verification report to CySEC. The Company has included its risk management disclosures as per the Directive on its website as it does not publish its financial statements. Verification of these disclosures has been made by the external auditors and submitted to CySEC by the Company.

Scope

The Pillar 3 disclosures are made in respect of BrightPool Ltd Annual Report for the year ended 31 May 2021. The Company is publishing the disclosures on an individual (solo) basis.

Frequency

In accordance with Article 433 of the CRR, the Pillar 3 disclosures are made on an annual basis and published on the Company’s corporate website (www.brightpool-markets.com).

Information is disclosed by BrightPool under CRR rules unless it does not apply or is considered by the Company’s Board of Directors as being proprietary or confidential information. In the instances where information is not being disclosed then reference is made to this fact.

The Pillar 3 disclosures have been prepared as required under CRR and for no other purpose. They do not constitute any form of financial statement and must not be relied upon in making any judgement about the Company.

1.3. Regulatory Developments

The capital adequacy and overall risk management requirements that currently apply to the Company under the CRR and CRDIV prudential framework, will be replaced by amended prudential rules established by the EU Regulation 2019/2033 ("Investment Firm Regulation" or "IFR") and the EU Directive 2019/2034 ("Investment Firm Directive" or "IFD"), which have become applicable on 26th of June 2021. The new rules introduce changes in the methodologies that EU investment firms are required to apply for calculating their exposures to risk and their capital adequacy ratio. In this respect, the Company has assessed the impact of these changes on its solvency position, without tracing any material adverse amendments.

1.4. Outbreak of COVID-19

Late in 2019 news first emerged about COVID-19 (Coronavirus). In the first few months of 2020 the virus had spread globally, and its negative impact has gained momentum. On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic recognising its rapid spread across the globe. In response to the pandemic, the government of the Republic of Cyprus and various governments globally implemented and continue to implement numerous measures attempting to contain and now delay the spreading and impact of COVID-19, such as requiring self-isolation by those potentially affected, implementing social distancing measures and mass quarantines, controlling or closing borders and imposing limitations on business activity, including closure of non-essential businesses.

Management has taken and continues to take necessary measures to ensure minimum disruption to and sustainability of the Company's operations and support the Company's employees. The measures taken comprise of imposition of working from home practices, strict rules of hygiene for those working from the office, quarantine of vulnerable employees and social distancing measures, such as replacement of face-to-face meetings with virtual meetings.

As the situation is still developing, Management will continue to monitor the potential impact of Coronavirus however as of now management believes that COVID-19 has not and will not negatively impact its operations as the recent market volatility contributed to higher volumes and trading for the Company.

2. RISK MANAGEMENT OBJECTIVES AND POLICIES

2.1. Risk Management Framework

BrightPool has an established Risk Management Framework to identify, measure, manage and monitor the risks faced by the business, and to manage the risk that the Company's conduct may pose to the achievement of fair outcomes for consumers or to the sound, stable, resilient and transparent operation of the financial markets.

This framework provides the Board with assurance that BrightPool 's risks, including the risks relating to the achievement of Company's strategic objectives, are understood and managed in accordance with the appetite and tolerance levels set. It provides the basis for enabling the Company's ongoing assessment, control, monitoring and reporting of risk management.

The framework is established around the following elements:

1. Risk Culture and Principles
2. Risk Taxonomy
3. Risk Appetite Statement
4. Risk Management Governance
5. Risk Assessment, Control, Monitoring and Reporting

The Board has overall responsibility for the management of risk within the Company. This includes:

Determining the Company's risk appetite, which sets out the nature and extent of the principal risks it is willing to take in achieving its objectives and defining the standards and expectations that drive the Company's risk culture. It also involves ensuring that the Company maintains an appropriate and effective Risk Management Framework, and monitoring performance and risk indicators to ensure that the Company remains within its risk appetite.

Risk Culture

The Company recognises that embedding a sound risk culture is fundamental to the effective operation of the Company's risk management framework and sets the tone for broader conduct in all business activities and for promoting a common set of BrightPool 's values and expected behaviours. BrightPool has a culture defined by the shared values, attitudes, competencies and behaviours throughout the business. A poor culture will inevitably lead to an increase in certain areas of risk.

The Company seeks to achieve the implementation of its desired risk management culture through education, policies and consistent practices.

As at the reference date, and after considering its size, internal organization, nature, scale and complexity of its activities, the Company has not established any independent Risk Committee.

Three Lines of Defense

BrightPool operates a 'three lines of defense' Risk Governance Model:

1st Line of Defense

The 1st Line of defense has primary responsibility for risk management, including day-to-day responsibility for ensuring that the business operates within risk appetite. Management is responsible for the identification, assessment and management of risks facing the business, in compliance with the Company's risk management policies.

2nd Line of Defense

The 2nd Line of defense, with the objective of independent risk oversight, is provided by the Risk and Compliance teams. These teams are independent from operational management in the 1st Line and are responsible for oversight and challenge to the business in managing its risks day-to-day. This includes maintaining the Company's risk management and control policies, providing independent analysis and monitoring of the Company's risks against appetite and keeping abreast of industry and regulatory developments that might require enhancements to the Company's Risk Management Framework.

3rd Line of Defense

The 3rd Line of defense, independent assurance, is provided by the Group Internal Audit. The primary role of Internal Audit is to help the Board and executive management to protect the assets, reputation and sustainability of the organisation by providing independent, objective assurance reviews designed to add value and improve our operations. The scope of the annual audit plan includes reviews of the Company's Risk Management Framework and management of the Company's principal risks. These well include assessments of the design and operating effectiveness of the internal governance structures and processes, the setting of and adherence to risk appetite and the risk and control culture of the organisation.

2.2. Risk Appetite Statement

The purpose of BrightPool 's Risk Appetite Statement (RAS) is to detail the acceptable levels of risk to which the Company is willing to be exposed, so as to allow for profitable business, whilst operating within the Company's risk appetite.

This document is based around a set of statements for key risks faced by the Company. Qualitative statements of risk appetite for each taxonomy are supported by Key Risk Indicators "KRIs" that are used to identify instances which require investigation and escalation. KRIs are embedded in BrightPool 's risk monitoring. A breach of a defined KRI triggers escalation to management which should result in consideration being given as to what appropriate responsive actions, if any, are taken. Red levels, along with actions taken, if any, are reported to the BrightPool Executive Committee on a monthly basis.

This document is subject to annual update and approval by the Board.

2.3. Management Body Declaration

The Board is responsible for reviewing the effectiveness of the Company's risk management arrangements and systems of financial and internal control. The Board considers that in general, the risk management arrangements that the Company has put in place are adequate. It is the Board's belief that the risk management system put in place is adequate regarding the Company's size, profile, and strategy.

2.4. Recruitment Policy

Recruitment into the Board combines an assessment of both technical capability and competency skills referenced against the Company's leadership framework. Currently for the selection of the members of management, the Company follows the most recent ESMA and EBA joint guidelines, issued on March 2018, on the assessment of suitability of members of the management body and key function holders (ESMA71-99-598, EBA/GL/2017/12).

Members of the Board possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board reflects an adequately broad range of experiences to be able to understand the Cyprus investment firm's activities, including the main risks to ensure the sound and prudent management of the Company as well as sufficient knowledge, of the legal framework governing the operations of a Cyprus investment firm.

2.5. Diversity Policy

The Company is committed to promote a diverse and inclusive workplace at all levels, reflective of the communities in which it does business. It approaches diversity in the broadest sense, recognizing that successful businesses flourish through embracing diversity into their business strategy, and developing talent at every level in the organisation.

2.6. Number of Directorships held by Members of the Board

The table below provides the number of directorships that each member of the management body of the Company holds at the same time in other entities, including the one in the Company. For the purposes of the below, executive or non-executive directorships held within the same group of companies are considered as a single directorship.

In addition, directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account.

NAME OF DIRECTOR	POSITION WITHIN BRIGHTPOOL	NUMBER OF DIRECTORSHIPS	
		EXECUTIVE	NON-EXECUTIVE
Kypros Christopher Zoumidou	Executive	1	-
Nikos Dimitriadis	Executive	1	-
Evripides Ornitharis	Non-Executive	-	1
Karolos Michael	Non-Executive	-	1

2.7. Principal Risks

BrightPool has adopted a common risk taxonomy with its Group that breaks the principal risks faced by the Company into five broad risk categories:

- the risks inherent in the regulatory environment,
- the risks inherent in the commercial environment,
- business model risks,
- operational risk, and
- conduct risk.

PRINCIPAL RISK / TAXONOMY LEVEL 1	TAXONOMY LEVEL 2
REGULATORY ENVIRONMENT RISK - The risk that the regulatory environment in any of the jurisdictions in which the Company currently operates, or may wish to operate, changes in a way that has an adverse effect on the Company's business or operations, through reduction in revenue, increases in costs, or increases in capital and liquidity requirements.	Legislative & Regulatory Change
	Tax Change
COMMERCIAL RISK - The risk that the Company's performance is affected by client sensitivity to adverse market conditions, failure to adopt or implement an effective business strategy, new or existing competitors offering more attractive products or services, risk to third-party supply of services or client dissatisfaction.	Strategic Delivery risk
	Market Conditions risk
	Competitor risk
	Supplier restriction risk
BUSINESS MODEL RISK -The risk faced by the Company arising from the nature of its business and its business model.	Market risk
	Credit risk
	Liquidity risk
	Capital Adequacy
OPERATIONAL RISK - The risk of loss resulting from inadequate or failed internal processes, people, systems or external events. Includes the risk that the Company is unable to attract and retain the staff it requires to operate its business successfully.	Technology risk
	People risk
	Process risk
	External risk
	Outsourcing risk
CONDUCT RISK - The risk that the Company's conduct poses to the achievement of fair outcomes for consumers or to the sound, stable, resilient and transparent operation of the financial markets.	Markets & Financial crime
	Culture & People

2.8. Information Flow on Risk to Management Body

The flow of risk-related information to the management body of the Company, is presented in the table below

	REPORT NAME	RESPONSIBILITY OF:	RECIPIENT	FREQUENCY
1	Risk Management Report	Risk Manager	CySEC, Board	Annually
2	Internal Capital Adequacy Assessment Process	Risk Manager	CySEC (upon request), Board	Annually or more frequent upon management request
3	Compliance Report	Compliance Officer	CySEC, Board	Annually
4	Internal Audit Report	Internal Auditor	CySEC, Board	Annually or more frequent upon management request
5	Anti-money Laundering Report	Anti-Money Laundering Compliance Officer	CySEC, Board	Annually
6	Pillar III Disclosures	Risk Manager	CySEC, Board, Publicly available through the Company's website	Annually
7	Pillar I CoREP Templates	Risk Manager	CySEC, Board	Quarterly

3. CAPITAL RESOURCES & REQUIREMENTS

3.1. Total Capital Resources

The Company's available capital resources (also referred to as Own Funds) are valued for the purposes of meeting minimum capital requirements, according to the IFRS balance sheet value of reserves, and according to the criteria set out in Part 2 of the CRR.

This requires that Own Funds be made up of qualifying capital instruments and associated reserves, subject to valuation adjustments (prudential filters and capital deductions).

Own funds represent 46,73% of the total risk exposure amount as at 31 May 2021, calculated on the financial statements for the financial year.

Own Funds and Minimum Capital Requirements	**As at 31/5/2021**
	€'000
Eligible Own Funds	
Share capital	6.901
Share premium	-
Retained Earnings	94
Audited profit/(loss) for the period	732
Deductions from Own Funds	
Value adjustments due to the requirements for prudent valuation	-
Intangible assets	-
Additional deductions of CET1 Capital due to Article 3 CRR	-
Original Own Funds (Tier 1 Capital)	***7.727***
Capital Requirements	
Credit risk	345
CVA Risk	-
Foreign Exchange Risk	225
Equity Market Risk	470
Commodity Risk	35
Interest rate risk in the Trading Book	-
Operational Risk	248
Additional capital requirements for the large exposure excess in the Trading Book	-
Total Capital Requirements	***1.323***
Capital Adequacy Ratio	***46,73%***

Tier 1 & Tier 2 Regulatory Capital

Institutions shall disclose information relating to own funds. Furthermore, institutions shall disclose a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution. In this respect, the Company's total capital is wholly comprised of Common Equity Tier 1 capital.

The composition of the capital base and capital ratios of the company is shown in the following table:

As at 31st May 2021	Transitional Definition	Full - phased in Definition
	€'000	€'000
Common Equity Tier 1 capital: instruments and reserves		
Capital instruments and the related share premium accounts	6.901	6.901
Retained earnings	826	826
Fair Value reserve-AFS Investment	-	-
Revaluation surplus	-	-
Accumulated other comprehensive income	-	-
Funds for general banking risk	-	-
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**7.727**	**7.727**
Common Equity Tier 1 (CET1) capital: regulatory adjustments	-	
Intangible assets (net of related tax liability)	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Additional Valuation Adjustment	-	-
CYSEC Investor Compensation Fund	-	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**-**	**-**
Common Equity Tier 1 (CET1) capital	**7.727**	**7.727**
Additional Tier 1 (AT1) capital	**-**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**7.727**	**7.727**
Tier 2 (T2) capital	**-**	**-**
Total capital (TC = T1 + T2)	**7.727**	**7.727**
Total Risk Weighted Assets	**16.537**	**16.537**
Capital ratios and buffers		
Common Equity Tier 1	46,73%	46,73%
Tier 1	46,73%	46,73%
Total capital	46,73%	46,73%

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 1 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 1 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 1 risks.

Balance Sheet Reconciliation

Institutions shall disclose a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions and the balance sheet in the audited financial statements of the institution as follows:

Balance Sheet Description, as per published financial statements	**Amount €'000**
Share Capital	6.901
Share Premium	-
Retained Earnings	94
Audited profit/(loss) for the period	732
Fair Value reserve-AFS Investment	-
Revaluation surplus	-
Intangible assets/Goodwill	-
Additional deductions of CET1 Capital due to Article 3 CRR	-
Value adjustments due to the requirements for prudent valuation	-
Total as per Regulatory Capital	**7.727**

Risk Exposures

BrightPool applies the CRR requirements on a solo basis and applies the Standardised methodologies to value its risk exposures for regulatory capital purposes.

BrightPool does not utilise any modelled approaches requiring regulatory permissions. Key risk areas to which BrightPool is exposed are as follows:

Risk Type	**CRR Methodology**
Credit Risk	Standardised Method
Market Risk	Standardised Method
Operational Risk	Basic Indicator Approach
Credit Valuation Adjustment Risk	Standardised Method

Risk Exposure Amounts

Risk Exposure Amounts	**As at 31 May 2021 €'000**
Credit and Counterparty risks	4.317
Position, Foreign Exchange and Commodities risks	9.123
Operational risk	3.096
Credit Valuation Adjustment	-
Total Risk Weighted Exposures	**16.537**

3.2. Capital Adequacy and Minimum Requirement

Under CRD IV, institutions are required to meet the following own funds requirements: a common equity Tier 1 capital ratio of 4.5%, a Tier 1 capital ratio of 6% and a total capital ratio of 8%. These form the institution's Pillar 1 requirements. Pillar 2 covers risks that are not fully addressed by Pillar 1.

Regulatory Capital Buffers

Alongside the minimum capital requirements, CRD IV requires institutions to hold capital buffers that can absorb losses in times of economic stress, as described below.

The CySEC requires each investment firm to maintain a minimum ratio of capital to RWAs of 8% for Pillar I risks, plus additional capital buffers as applicable, while it may also impose additional capital requirements for risks not covered by Pillar I. As at 31 May 2021, the Company was subject to a minimum Pillar I Capital Adequacy Ratio of 8%, plus a capital conservation buffer of 2,50% and a countercyclical buffer of 0,00%. As a result, as at 31 May 2021 the Company was subject to an overall minimum Capital Adequacy Ratio requirement of 10,50% (for Pillar I plus buffers).

Capital Conservation Buffer ("CCB")

The CCB is designed to ensure that institutions build up capital buffers outside of times of stress that can absorb losses if required. The Capital Conservation buffer is set at 2.5% of Total Risk Exposure Amount. As of 31 May 2021, the Company's CCB requirement was €413 thousand.

Countercyclical Buffer ("CCYB")

The CCyB is designed to ensure that financial institutions to hold additional capital to reduce the build- up of systemic risk by providing additional loss absorbing capacity and acting as a check on pro- cyclicality effects.

Each institution's specific countercyclical buffer rate is a weighted average of the countercyclical capital buffers that apply in jurisdictions where the relevant credit exposures are located. The CCyB rates for each jurisdiction are set by national competent authorities (including 'third-country' supervisors) according to the requirements outlined in the Basel Committee's recommendations of local legislation.

Following the COVID-19 outbreak (on the 11th March 2020), several countries reduced their countercyclical buffer rates.

Other Buffers

As at the reference date, BrightPool was not subject to any other regulatory capital buffer.

3.3. Pillar 2 – Internal Capital Adequacy Assessment Process ("ICAAP")

The Company establishes and implements an Internal Capital Adequacy Assessment Process (hereinafter, the "ICAAP"), documents it in an ICAAP Manual and produces in this regard an ICAAP Report, as per the Circular 26 (Guidelines GD-IF-02) & Circular 27 (Guidelines GD-IF-03). Upon CySEC's request the ICAAP Report shall be submitted to CySEC. The Company undertakes an internal assessment of capital requirements annually or more frequently, if required by the Board.

The outcome of the ICAAP is approved by the Board and determines the amount of any risk-based capital resources requirement (Pillar 2) that BrightPool identifies over a three to five-year planning horizon, in line with the CySEC's Guidance.

The ICAAP report describes how the Company implements and embeds its ICAAP within its business. The ICAAP also describes the Company's Risk Management framework e.g. the Company's risk profile and the extent of risk appetite, the risk management limits if any, as well as the adequate capital to be held against all the risks (including risks other than the Pillar 1 risks) faced by the Company.

The Company prepared its last ICAAP report with a reference date the 31st of March 2021.

4. RISK DISCLOSURES

4.1. Credit Risk

Credit risk is the risk of loss that the Company would incur if the counterparty in a transaction failed to perform its contractual obligations. Credit risk arises from cash and cash equivalents, financial assets at Amortised Cost and favourable derivatives.

Risk management

The principal sources of credit risk to the Company's business are from financial institutions. To control and mitigate the risk from a Financial Institution defaulting on their obligations, the Company considers the credit quality of each counterparty and sets a Counterparty Exposure Limit. This Counterparty Exposure Limit may not at any time exceed 100% of the Company's capital.

Credit Risk levels are monitored on daily basis and in case of breach, further escalation is deemed required and remedial actions are to be taken as appropriate. All service providers are bound by comprehensive legal agreements to ensure transparency in the Company's credit obligations.

BrightPool uses the Standardised Approach under CRR Part Three, Title II, Chapter 2, Articles 111 – 141 to calculate the credit risk weighted exposure amounts.

The following table represents the Company's credit risk exposure (before and after Credit risk mitigation - CRM), average exposure, risk weighted assets ("RWA") and minimum capital requirement as at 31 May 2021, broken down by exposure class.

Asset Class	Exposure amount before CRM	Exposure amount after CRM	Average exposure	RWA	Capital Requirements
	€'000				
Institution	6.988	6.988	8.055	1.398	112
Corporate	2.442	2.442	1.085	2.441	195
Other Items	478	478	453	478	38
Total	**9.908**	**9.908**	**9.593**	**4.317**	**345**

The table below provides a breakdown of the exposure before CRM per residual maturity and per asset class:

	≤3 months	>3 months or Not Applicable	Total
Asset Class	**€'000**	**€'000**	**€'000**
Institution	6.988	-	**6.988**
Corporate	2.430	12	**2.442**
Other Items	-	478	**478**
Total	**9.418**	**490**	**9.908**

The table below illustrates the geographic distribution of the Company's exposure before CRM.

	Cyprus	Germany	United Kingdom	Ireland	Total
Asset Class	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Institution	10	1.918	-	5.060	**6.988**
Corporate	22	-	2.420	-	**2.442**
Other Items	478	-	-	-	**478**
Total	**510**	**1.918**	**2.420**	**5.060**	**9.908**

The following table illustrates the exposure before CRM per industry sector per asset class:

	Financial sector	Other	Total
Asset Class	**€'000**	**€'000**	**€'000**
Institution	6.988	-	**6.988**
Corporate	2.426	16	**2.442**
Other Items	-	478	**478**
Total	**9.414**	**494**	**9.908**

4.1.1. Credit Exposures - Past Due and Impairment Amounts

Financial assets – impairment – credit loss allowance for Expected Credit Losses ("ECL")

The impairment charge in the statement of comprehensive income includes the charge in expected credit losses. Expected credit losses are recognized for financial assets at amortized cost and cash and cash equivalents. Expected credit losses are calculated as the difference between contractual cash flows that are due to the Company and the Company expects to receive given the probability of default and loss given default, discounted at the original effective interest rate.

At initial recognition of financial assets, an allowance is made for expected credit losses resulting from default events that are possible within the next 12 months. In the event of a significant increase in credit risk, an allowance is made for expected credit losses resulting from possible default events over the expected life of the financial assets. Financial assets where 12-month expected credit losses are recognized are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk since initial recognition are considered to be Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

An assessment of whether credit risk has increased significantly considers changes in credit rating associated with the asset, whether contractual payments are more than 30 days past due and other reasonable information demonstrating otherwise. In accordance with the Group's internal credit risk management definition to which the Company adheres, the Company considers a financial instrument to have low credit risk when it has an external credit rating of "investment grade" or if no external rating is available.

Assets are transferred to stage 3 when an event of default, as defined in the Group's credit risk management policy, occurs or where the assets are credit impaired. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. The Company uses this 90-day basis for all assets. This aligns with the Group's risk management practices.

Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- Financial assets at amortised cost; and
- Cash and cash equivalents.

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment.

Specifically, impairment losses are presented within the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

Significant increase in credit risk. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. For more information, please refer to the accounting policy "Financial assets – impairment – credit loss allowance for Expected Credit Losses ("ECL").

The Company's exposure to credit risk for each class of asset subject to the expected credit loss model is set out below:

The Company uses the following categories which reflect the credit risk and how the provision is determined for each of these categories. For counterparties that are externally rated the Company uses external credit ratings.

Category	Company definition of category	Basis for recognition of ECL provision	Basis for calculation of interest revenue
Performing	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)

The Company has no financial assets which are subject to impairment requirements of IFRS 9 which have had modifications to their cash flows.

The following tables contain an analysis of the credit risk exposure of each class of financial instrument subject to ECL allowance. The gross carrying amounts below also represent the Company's maximum exposure to credit risk on these assets as of 31 May 2021.

Cash and bank balances

External credit rating	Gross carrying amount/Carrying amount (net of impairment provision) - 31 May 2021
	€'000
A+ (Standard & Poor's)	6.229
BBB (Standard & Poor's)	1.850
Total	**8.079**

All cash and bank balances were performing (Stage 1) as at 31 May 2021.

Financial assets at amortised cost (receivables from related parties)

External credit rating	Gross carrying amount/Carrying amount (net of impairment provision) - 31 May 2021
	€'000
BBB- (Fitch)	-
Unrated	1.256
Total	**1.256**

In order to monitor the credit quality of the "Unrated" underlying counterparties, the Management, on the basis of internal research applies credit ratings of similar counterparties for which publicly available credit ratings are available. On the basis of this assessment, it was concluded that the unrated items fall within the category of "performing".

The Company assessed the ECL for these balances and the identified impairment loss was immaterial. The Company does not hold any collateral as security.

Derivatives

The entity is also exposed to credit risk in relation to favourable derivatives that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments (2021: €39 thousand).

Derivative financial instruments which form part of the Company's operating activities, include CFDs and turbo warrants. CFDs arising from the open position with the hedging providers and turbo warrants (from the outstanding positions with the issuer. Both types have the same underlying instruments and are concentrated on foreign currency pairs, indices and commodities.

The turbo warrants are leveraged securitized derivatives whose value is based on the price of an underlying asset. When the knock-out threshold for the underlying asset is reached or surpassed, the turbo warrants expire with zero value.

4.1.2. Credit Exposures by Credit Rating

BrightPool uses ratings data provided by Standard and Poor's (S&P) to determine the risk weight of rated trading book and non-trading book counterparties in each standardised credit exposure class. S&P is an ECAI for the purposes of calculating risk weights under the FCA's Standardised Approach. Institutional credit exposures are calculated using the least favourable rating of long-term and short- term S&P ratings.

Credit Quality Step	Rating			Corporate	Institutions			Sovereign
	Moody's	Fitch	S&P		Sovereign method	Credit Assessment method		
						Maturity > 3 months	Maturity 3 months or less	
1	Aaa to Aa3	AAA to AA-	AAA to AA-	20%	20%	20%	20%	0%
2	A1 to A3	A+ to A-	A+ to A-	50%	50%	50%	20%	20%
3	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	100%	100%	50%	20%	50%
4	Ba1 to Ba3	BB+ to BB-	BB+ to BB-	100%	100%	100%	50%	100%
5	B1 to B3	B+ to B-	B+ to B-	150%	100%	100%	50%	100%
6	Caa1 and below	CCC+ and below	CCC+ and below	150%	150%	150%	150%	150%

Exposures to unrated institutions are assigned a risk weight according to the credit quality step to which exposures to the central government of the jurisdiction in which the institution is incorporated, as specified in Article 121 of CRR. Notwithstanding the general treatment mentioned above, short term exposures to institutions could receive a favourable risk weight of 20% if specific conditions are met.

Exposures to corporate clients were risk weighted by 100% risk factor since they were all unrated and were incorporated in countries with no credit rating or with credit assessment up to credit quality step 5.

The Other Items category includes property, plant and equipment and cash in hand. A risk weight of 100% was applied to Other Items, with the exception of cash at hand, for which a 0% risk weight factor was assigned.

Credit Quality Step	Exposure amount before credit risk mitigation	Exposure amount after credit risk mitigation
	€'000	€'000
1	-	-
2	6.229	6.229
3	1.850	1.850
4	-	-
5	-	-
6	-	-
Unrated / Not Applicable	1.829	1.829
Total	**9.908**	**9.908**

4.1.3. Securitizations

The Company is not an active participant in the origination of securitisations (meaning pooled assets with trenched risk), and accordingly detailed Pillar 3 disclosures are not made.

4.1.4. Exposures in equities and interest rate risk on positions not included in the trading book

The Company, as at the 31/05/2021 held zero exposures on both equities and interest rate risk on positions not included on the trading book.

4.2. Market Risk

Market risk for BrightPool is the risk of loss due to movements in market prices arising from the Company's net position in financial instruments.

In order to mitigate price risk, the Company uses risk mitigation techniques, such as setting maximum exposures limits and hedging the net outstanding positions of turbo exposures above limits with third party hedging providers. The risk limits are set by the board of directors considering the risk appetite of the entity.

The market risk capital requirements are calculated in accordance with CRR Title IV. The following table illustrates the Company's minimum (Pillar 1) market risk capital requirements:

Market Risk	**Capital Requirements**	**Risk Weighted Assets**
	€'000	**€'000**
Equity	470	5.879
Foreign Exchange	225	2.812
Commodities	35	432
Traded Debt Instruments	-	-
Total	**730**	**9.123**

4.2.1. Equity Risk

Equity risk arises from the positions of the Company in turbo warrants for which the underlying instruments are equities or equity indices.

The sum of the absolute values of all the Company's net long positions and all its net short positions is its overall gross position. The Company calculates, separately for each market, the difference between the sum of the net long and the net short positions. The sum of the absolute values of those differences is its overall net position.

Open position having as underlying instrument Equity Index, are not broken down into its underlying positions and are treated as if they were an individual equity. However, the specific risk on this individual equity can be ignored if the Equity Index in question is exchange traded and represents a relevant appropriately diversified index.

The Company multiplies its overall gross position by 8% in order to calculate its own funds requirement against specific risk. The own funds requirement against general risk are the Company's overall net position multiplied by 8%.

Based on the above, as at the reference date the Company's capital requirements for Market Equity Risk was €470 thousand.

4.2.2. Foreign Exchange

The Company's operating and reporting currency is Euro. Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

If the sum of the Company's overall net foreign-exchange position and its net gold position exceeds 2% of its total own funds, the Company calculates own funds requirements for foreign exchange risk. The own funds requirement for foreign exchange risk is the sum of its overall net foreign-exchange positions and its net gold position in the reporting currency, multiplied by 8%.

The foreign exchange risk in the Company is effectively managed by setting and controlling foreign exchange risk limits, such as through the establishment of maximum value of exposure to a particular currency pair.

As at 31 May 2021 the Company capital requirements for Market Foreign Exchange Risk was €225 thousand.

4.2.3. Commodity Risk

Commodity risk arises from the positions of the Company in turbo warrants for which the underlying instruments are commodities.

As per CySEC's circular C417 due to their characteristics, crypto assets may be treated as digital commodities and therefore Market Risk capital requirement for crypto exposures can be calculated under commodity risk. However, as at the reference date, the Company did not have any crypto-asset exposures, either as a derivative contract or as a real crypto.

As at 31st May 2021 the Company's capital requirements for Commodity Risk was €35 thousand.

4.2.4. Interest Rate Risk

Interest rate risk is the potential adverse impact on BrightPool 's future cash flows and earnings from changes in interest rates on the short-term deposits with banks and brokers. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's exposure to interest rate risk is limited as the Company is not engaged in any significant interest-bearing loan or other interest-bearing agreements. Therefore, a reasonable possible change in interest rates (i.e. 1% increase/decrease in interest rates compared to actual rates) is considered to have immaterial impact on the Company's profit for the year.

Moreover, as at 31st May 2021 the Company's capital requirements for Interest Rate Risk was zero.

4.3. Operational Risk

BrightPool faces operational risks, including those arising through technology, people, process and external events.

The Pillar 1 Operational Risk requirement is calculated using the Basic Indicator Approach according to Article 315 of the CRR.

The Company calculates its operational risk using the Basic Indicator approach and takes the average over three years of the sum of its net income. The table below shows the Company's exposure to Operational Risk:

Operational Risk	2020	2021	2022*	Average	Capital Requirements
	€'000				
Total Net Income from Activities	856	2.098	2.000	1.651	248

**Based on forecasted figures*

Under the Basic Indicator Approach, the capital requirement for operational risk is equal to 15% of the above relevant indicator, resulting in an operational risk capital requirement of €248 thousand as at the 31st of May 2021.

4.4. Credit Valuation Adjustment

Credit Valuation Adjustment ("CVA") Risk exists over the Company's institutional credit risk exposures, reflecting the current market assessment of the counterparties' creditworthiness.

BrightPool does not enter into CVA-specific hedges, and no recognition of hedging for creditworthiness is therefore included in the calculation.

CVA adjusts the risk weighting of a firm's credit risk to financial institutions by applying a derived, markets-based adjustment to allow for the current probability of default. As at 31 May 2021 BrightPool 's CVA add on was calculated in accordance with Title VI as Zero.

4.5. Liquidity Risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the purpose of minimising such losses such as maintaining sufficient cash and other highly liquid current assets. Moreover, the Company is under a parental guarantee agreement for financial support.

CFDs arising from the open positions with the hedging providers and turbo warrants from the outstanding positions with the issuer. Both types have the same underlying instruments and are concentrated on foreign currency pairs, indices and commodities. Derivative financial instruments, are initially recognised in the statement of financial position at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are recognised in the statement of financial position as current assets when fair value is positive and as current liabilities when fair value is negative.

As at 31 May 2021, the Company is not exposed to any liquidity risk in respect of the derivative financial liabilities arising from turbo warrants outstanding as these are managed and settled on a net basis.

Offsetting financial assets and financial liabilities

Financial assets and liabilities can be offset and the net amount to be reported in the statement of financial position where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 May 2021. The column ‘net amount‘ shows the impact on the Company’s statement of financial position if all set-off rights were exercised.

31 May 2021	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c) = (a) - (b)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		
				Financial instruments (d)	Cash collateral received (e)	Net amount of exposure (c) - (d) - (e)
	€'000					
ASSETS						
Receivables from related parties	13.513	13.513	-	-	-	-
Derivative financial asset	134	95	39	-	-	39
Total Assets Subject to Offsetting Master Netting and Similar Arrangement	**13.647**	**13.608**	**39**	**-**	**-**	**39**
LIABILITIES						
Payable to related parties	14.589	13.513	1.076	-	-	1.706
Derivative financial liability	95	95	-	-	-	-
Total Liabilities Subject to Offsetting Master Netting and Similar Arrangement	**14.684**	**13.608**	**1.076**	**-**	**-**	**1.706**

5. LEVERAGE RATIO

The Leverage Ratio was introduced under Basel III as a transparent, comparable, non-risk weighted based ratio. It is defined as the ratio of Tier 1 capital to total exposures (balance sheet exposures, derivative exposures, securities financing transactions and off-balance sheet items).

It is noted that since 1 January 2018, the Leverage Ratio, has been migrated into a Pillar I minimum capital requirement. The institution calculates its leverage ratio as end of each quarter.

The minimum requirement ratio for the purposes of leverage ratio is 3%. The Company's leverage ratio as at the reference date is 77,99%.

Description of the Processes Used to Manage the Risk of Excessive Leverage

In order to manage the risk of excessive leverage, the Company monitors its Leverage ratio at least on a quarterly basis and ensures that it is always well above the minimum threshold of 3%.

Factors that had an impact on the Leverage Ratio during the period

The Leverage ratio of the Company over the financial year ended 31/05/2021 ranged between 71,56% recorded in December 2020 and 77,99% observed in May 2021 based on audited figures, with an average rate of 73,93%. The reason for this fluctuation is the increase in the Company's Tier 1 Capital (nominator) at a higher pace than the increase in its exposure measure (denominator).

The table below, provides a reconciliation of accounting assets and leverage ratio exposures.

Reconciliation of accounting assets and leverage ratio exposure	**Applicable Amounts**
	€'000
Total assets as per published financial statements	9.907
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
Adjustments for derivative financial instruments	-
Adjustments for securities financing transactions "SFTs"	-
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	-
Other adjustments	1
Total Leverage Ratio Exposure	**9.908**

The table below provide a breakdown of the exposure measure by exposure type:

Breakdown of the exposure measure by exposure type	**CRR Leverage Ratio Exposures**
On-balance sheet exposures (excluding derivatives and SFTs)	
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	9.908
(Asset amounts deducted in determining Tier 1 capital)	-
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	**9.908**
Derivative Exposures	
Replacement cost associated with *all* derivatives transactions (i.e. net of eligible cash variation margin)	-
Add-on amounts for PFE associated with *all* derivatives transactions (mark-to-market method)	-
Total derivative exposures	**0**
Securities financing transaction exposures	
Total securities financing transaction exposures	**-**
Other off-balance sheet exposures	
Other off-balance sheet exposures	**-**
Capital and total exposures	
Tier 1 capital	**7.727**
Total leverage ratio exposures	**9.908**
Leverage ratio	**77,99%**

The table below provide a breakdown of total balance sheet exposure (excluding derivatives, SFTs and exempted exposures) by asset class:

Breakdown of total balance sheet exposure (excluding derivatives, SFTs and exempted exposures) by asset class	**CRR leverage ratio exposures**
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**9.908**
Trading book exposures	-
Banking book exposures, of which:	9.908
Exposures treated as sovereigns	-
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	-
Institutions	*6.988*
Retail exposures	-
Corporate	*2.442*
Exposures in default	-
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	*478*

6. REMUNERATION POLICY

Remuneration means all forms of payments or benefits provided directly or indirectly by the Company to its staff, third parties, service providers, in the provision of investment and/or ancillary services to clients. It can be either financial (such as cash, shares, options, pension contributions, remuneration by third parties e.g. through carried interest models, wage increases) or non-financial (such as career progression, health insurance, discounts or special allowances for car or mobile phone, generous expense accounts, seminars at overseas destinations, etc.) and consists of basic fixed components.

Principles and Requirements

The overall objective of the Policy is to support levels of remuneration and compensation necessary to attract, retain and motivate high quality people required to lead, manage and serve the Company in a competitive environment, while ensuring its compliance with all applicable law and regulation.

BrightPool believes all individual compensation decisions should be made on fair and equitable basis regardless of an employee's race, colour, religion, gender, gender expression, sexual orientation, age or disability. Decisions should be based on an employee's performance in the context of their role and market in which they operate.

This policy is adopted by the Company's Board of Directors and applies to all of the Company's employees, members of the senior management, risk takers, to outsourced service providers, where applicable, and to its staff as well, when they are acting on behalf of the Company.

Specifically, BrightPool must establish, implement and maintain remuneration policies and practices that will ensure compliance with the requirements apply in relation to conflicts of interests and the conduct of business. These policies and practices must rely on BrightPool 's analysis of the conduct of business and conflict of interest risks that may arise and should be designed in a way that would reasonably prevent or manage them appropriately and efficiently.

Moreover, BrightPool must have adequate control mechanisms in place to ensure compliance with the remuneration policies and practices, as implemented by the compliance function, who should assess and revise them periodically. For this purpose, the compliance officer follows the compliance monitoring plan and related enforcement procedure.

The Company endeavors to ensure that remuneration packages reflect the relevant duties and responsibilities, are fair and equitable and incorporate rewards clearly and measurably linked to performance on an individual and corporate level.

The Policy has been designed based on the following basic principles:

- It is consistent with and promotes sound and effective risk management and does not encourage risk taking that exceeds the level of tolerated risk of the Company.
- The Policy is in line with the IG Group Remuneration Policy guidelines, the business strategy, objectives, values and long-term interests of the Company and incorporates measures to avoid conflicts of interest.
- The management body adopts and periodically reviews (at least annually) the general principles of the remuneration policy and is responsible for its implementation.
- The Company is operating in a highly regulated environment and it is fully committed to comply with the regulation apply on its activity.

As in accordance to CRD IV requirements where applicable:

- The variable component shall not exceed 100% of the fixed component of the total remuneration for each individual.
- Shareholders of the firm may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed 200% of the fixed component of the total remuneration for each individual.
- For any approval of a higher ratio, a quorum of 50% of shareholders, 66% of votes in favor would be required, and, if that quorum is not reached, 75% of votes in favor.
- Remuneration packages relating to compensation or buy out from contracts in previous employment must align with the long-term interests of the institution including retention, deferral, performance and claw back arrangements.
- Up to 100% of the total variable remuneration shall be subject to malus or claw back arrangements based on certain criteria. Such criteria shall in particular cover situations where the staff member: participated in or was responsible for conduct which resulted in significant losses to the institution; and failed to meet appropriate standards of fitness and propriety.

Remuneration Structure:

Following IG Group guidelines, the Company operates a compensation grading system. This grading methodology is used to ensure equity and objectivity throughout the Group, to evaluate the jobs and ensure cross function consistency. Job grades cover jobs of a comparable size and level and reflect different levels of responsibilities within the organisation.

The grading system operates from 0 to 6 in addition we have executive and non-executive director grade. Excluding the director grades, grade 0 is the most senior grade.

Non-Executive Directors

The Non-Executive Directors of the Company are compensated only with fixed remuneration. The remuneration of the Board of Directors is presented for approval at the Annual General Meeting as a separate agenda item.

Executive Directors – Senior Management

The remuneration of a member of Senior Management within the Company may consist of fixed remuneration and other benefits. The results of the Senior Management are reviewed once a year based on which it is decided whether any adjustments to a Senior Management person’s remuneration package should be made. Any such adjustments must be approved as follows:

- For the remuneration of the CEO: the shareholder shall approve.
- For the remuneration of all other BrightPool Staff: the CEO shall approve accordingly to the grading system.

Employees Salary

The Company aspires to ensure that the salaries of all employees reflect at least the median market rate. It recognizes that selected and targeted jobs may be located above general market references. In such cases decisions to offer upper quartile compensation to attract/retain the right talent may exceptionally be made in a competitive environment.

To ensure salaries keep pace with external markets the Company will adjust salaries to account for inflation. BrightPool also participates in salary surveys and where appropriate apply this information to our pay decisions. However, the Company acknowledges that certain roles are very difficult to accurately benchmark, in these cases it looks to internally benchmark these employees.

Any decision to adjust salaries must always be weighed against the Company's performance and budgeting constraints and therefore increases for inflation and benchmarking are not guaranteed. Where an employee receives no salary increase year on year this does not indicate poor performance. Instead, this may simply reflect an employee already being paid the market rate or a product of budgeting constraints.

The results of the Employees are reviewed once a year based on which it is decided whether any adjustments to the remuneration package should be made. Any such adjustments must be approved by the CEO and the respective Head of Department.

Manager's role

The manager's role with respect to remuneration is to have a good appreciation of market rates for the employees they manage. When a manager is recruiting for a new role they should work with HR, using the benchmarking data available, to ensure that the rate being offered is competitive. Managers should also ensure that they are able to explain the salary decisions/positioning for employees in their teams.

Risk takers and staff engaged in control functions:

The following employees and employee groups in the Company are considered risk takers for the purposes of this policy:

- The members of the Board of Directors.
- The members of Senior Management.
- Other risk takers, as defined in applicable legislation and determined by the Board of Directors.

The definition of risk takers in the Company must be based on a thorough assessment of roles, responsibilities and actual mandates of positions that could be included as Risk Taker positions by the intention of the legal framework, as well as a sound assessment of risk under the specific characteristics of the Company business.

For the purposes of this Policy the Risk Takers are the Head of Dealing, the Head of Finance, Risk Manager and Head of Compliance.

Special attention should be paid to mandates in relation to financial instruments, investment of Company funds, trading mandates, control and compliance functions and senior management responsibilities. In the process of defining Company risk takers, relevant shareholders and specialist must be involved e.g.: external legal advisors, risk management, internal legal experts, senior management and business expertise from all relevant business units.

The Company ensures that employees engaged in control functions are independent from the business units they oversee, have appropriate authority and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control. The amount of any variable remuneration to Risk Takers will be subject to limitations as per CySEC relevant circulars.

Remuneration scheme of staff engaged in control functions:

Members of staff engaged in control functions have to be independent from the business units they oversee, have appropriate authority, and be remunerated in accordance with the achievements of the objectives linked to their functions, independent of the performance of the business areas they control.

The Head of Risk, Head of Compliance and other Risk takers: The bonus is discretionary and limited up to 200% of fixed remuneration as per KPIs applicable to their position.

Responsibilities of the Board of Directors:

The Board of Directors is responsible for approving and maintaining the Policy and overseeing its implementation.

In the design and oversight of the Policy, the Board of Directors must properly involve the corporate functions of the Company, i.e. Risk Management, Compliance and consider all relevant inputs provided by such corporate functions.

The Board of Directors must ensure that the Policy is consistent with and promotes sound and effective risk management. The Policy must not encourage excessive risk taking and must not prevent the Company from achieving and maintaining a sound capital base. Since the Company does not fall under the term of 'significant CIF' as per CySEC's circular C228, currently BrightPool has not established any such committee as it is not deemed necessary.

The Board of Directors must review the Remuneration policy on an annual basis at a minimum. Such central and independent reviews must assess whether the overall remuneration system:

- operates as intended, including that the remuneration pay-outs are appropriate and that the risk profile, long-term objectives and goals of the Company are adequately reflected.
- should be adjusted due to development in the business of the Company.
- is compliant with national and international regulations, principles and standards.

The Board meets on a frequent basis on a minimum of four times per year whilst the remuneration of staff is overseen at least once a year.

Responsibilities of the Compliance Function:

The Compliance Function shall be involved in the design process of the remuneration policies and practices before these to be approved and implemented to the relevant persons. In order to control the design of remuneration policies and practices and the approval process for these, the Compliance Function should verify that the Company complies with the conduct of business and conflicts of interest requirements under the Law and should have access to all relevant documents.

The Compliance Function will be involved in the review process of this policies as well as in its periodic assessment.

Aggregate remuneration analyzed by business area is presented below:

Business Area	Aggregate Remuneration €'000
Dealing department	244
Other departments	246
Total	**490**

In addition, remuneration analysis split by Senior Management and other risk takers is shown in the following table:

Description	No. of beneficiaries	Fixed Remuneration €'000	Variable Remuneration €'000	Total Remuneration €'000
Senior Management - Directors	4	223	60	283
Heads of Departments *	4	223	60	283
Non-Executive Directors	2	40	0	40
Total		**263**	**60**	**323**

*The heads of the 4 departments also consist part of the senior management team, thus excluded from the total.

During the year under review the Company provided variable remuneration (i.e. staff bonuses) to its risk takers. Variable remuneration was fully in cash form. During the year under review no remuneration was paid or was awarded under deferral arrangements (with vested or unvested portions) while the Company did not pay or award any sign-on or severance payments.

In addition, institutions are required to disclose the number of natural persons that are remunerated Euro 1 million or more per financial year, in pay brackets of Euro 1 million, including their job responsibilities, the business area involved and the main elements of salary, bonus, long-term award and pension contribution. Nevertheless, currently there are no natural persons at the Company that are remunerated Euro 1 million or more per financial year and as such the above disclosure is not applicable to the Company.