



# **Disclosure and Market Discipline Report**

31 December 2022

## Specific references to EBA ITS

Template	Compliance reference	Section
IF EU CC1	Composition of own funds, such as Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items, and applicable filters and deductions applied to the own funds of investment firms, including the reconciliation of these items with the relevant items of the institutions' audited balance sheet, and a description of all restrictions applied to the calculation of own funds, in accordance with Article 49 (1)(a) and (b) of the Investment Firms Regulation ("IFR")	Section 4
IF EU CC2	Full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items, and applicable filters and deductions applied to the investment firm's own funds and the balance sheet in their audited financial statements, in accordance with Article 49(a) of the IFR	Section 4
IF EU CCA	Description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the investment firm; following Article 49(1), point (b) of the IFR	Appendix I

## Specific references to articles in the IFR

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Remuneration policy and practices		
51	Remuneration policy and practices for those categories of staff whose professional activities have a material impact on the investment firm's risk profile.	Section 6

50 (a)	The most important design characteristics of the remuneration system, including the level of variable remuneration and criteria for awarding variable remuneration, pay out in instruments policy, deferral policy and vesting criteria	Section 6
50 (b)	The ratios between fixed and variable remuneration	Section 6
50 (c)	Aggregated quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the investment firm	Section 6
<b>Investment policy</b>		
52 (1) (a)	Disclosure of the proportion of voting rights attached to the shares held by the investment firm, directly or indirectly, a complete description of voting behaviour in the general meetings of companies the shares of which are held, an explanation of the votes and the ratio of proposals put forward by the BoD of the Company which the investment firm has approved, an explanation of the use of proxy advisor firms and the voting guidelines regarding the companies the shares of which are held (subject to additional criteria being met)	Section 7
<b>Environmental, social and governance risks</b>		
53	Information on environmental, social and governance risks, including physical risks and transition risks	Section 8

## 1. Introduction

Amana Capital Limited, (hereinafter referred to as “Amana” or the “Company”) is a private limited liability Company in the Republic of Cyprus, through the Department of the Registrar of Companies and Official Receiver (certificate of incorporation No. HE 281953), in accordance with the provision of the Cyprus Companies Law, Cap. 113. Amana obtained a license from the Cyprus Securities and Exchange Commission (hereinafter, the “CySEC”), CIF 155/11 on 21st October 2011, and operates under the Investment Services and Activities and Regulated Markets Law of 2017 for the Provision of Investment Services, the exercise of investment activities, the operations of regulated markets and other related matters (‘L.87(I)/2017’).

According to its license, the Company is authorised to provide the following investment services:

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

The Company is also licensed to provide the following ancillary services:

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services;
- Granting credits or loans to an investor to allow him to carry out a transaction; and
- Foreign exchange services where these are connected to the provision of investment services.

The Company is an online financial services entity and acts as the principal and market maker to its customers in derivatives comprising Contracts for Difference (“CFDs”) on currency pairs, futures on indices and commodities, spot indices, as well as metals and energy.

A detailed list of the financial products offered by the Company is available online on the CySEC website (<https://www.cysec.gov.cy/en-GB/entities/investment-firms/cypriot/37712/>) as well as on the Company website ([www.amanacapital.com.cy](http://www.amanacapital.com.cy)).

### 1.1 Prudential requirements

The implementation of the new prudential framework for Investment Firms (“IFs”) which came into force on 26<sup>th</sup> June 2021 comprises of:

- a. Regulation (EU) No. 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (the “IFR”) and;

- b. Directive (EU) 2019/2034 of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (the “IFD”).

IFD on the prudential supervision of IFs was transposed into national legislation by CySEC by issuing Law L.97(I)/2021 on the capital adequacy of IFs applicable as from 26th June 2021, Amending Law L.164(I)/2021 on the capital adequacy of IFs applicable as from the 5th November 2021 and Law L.165(I)/2021 on the prudential supervision of IFs applicable as from 5th November 2021 (“L.165(I)/2021”).

Under the new classification of IFs, systemic firms and/or where IFs activities are more banking related will remain under CRR/CRD and subject to banking supervision (‘Class 1A’ and ‘Class 1B’). Non-systemic, are firms that are either classified as ‘Class 2’ or ‘Class 3’, based on certain criteria, which are subject to the new IFR/IFD prudential regulatory framework, in full or with certain exceptions.

Amana has been classified as a “Class 2” IF. As such, the Company’s capital requirement and reporting obligations are subject to the new capital requirements under the IFD/IFR as at 31 December 2022.

The IFR is based on “a three-pillar approach” as follows:

- Pillar I – Permanent Minimum Capital Requirements, Own Funds Requirements and Liquidity Requirements. The calculation of these requirements is performed in accordance with Part Two, Part Three, Part Four and Part Five of the IFR.
- Pillar II – Supervisory Review and Evaluation Process. This sets out the key principles of supervisory review assessing the internal capital adequacy process and evaluating whether the Company should hold additional capital against risks not covered already in Pillar I.
- Pillar III – Disclosure requirements in relation to the Company’s risk management objectives and policies, governance arrangements, own funds requirements, remuneration policy and practices.

## 1.2 Scope of the Application

These disclosures (the ‘Pillar III Disclosures’ or the ‘Report’) apply to the Company on a solo basis as the Company is not subject to prudential consolidation in accordance with Part Six ‘Disclosure by Investment Firms’ of the IFR and relevant Sections of the L.165(I)/2021. The Company’s policy is to publish the disclosures pursuant to Section 37 of the L.165(I)/2021 on an annual basis, being fully in compliance with the disclosures as laid out in Part Six of the IFR. Relevant qualitative and quantitative information is disclosed in line with the EBA Draft Implementing Technical Standards on reporting requirements for investment firms under Article 54(3) and on disclosures requirements under Article 49(2) of Regulation (EU) 2019/2033 (thereafter, ‘EBA/ITS/2021/02’).

The figures included in Pillar III Disclosures are based on the audited Financial Statements of the Company for the year ended 31 December 2022. The external auditors of the Company have been provided an independent conclusion on the fair presentation of the disclosures in accordance with the regulatory requirements imposed by the CySEC.

According to Article 46(4) of the IFR, IFs may determine the appropriate medium and location to comply effectively with the disclosure requirements. In this respect, the Company's Pillar III disclosures are published on the Company website (<http://www.amanacapital.com.cy>).

## 2. Risk Management objective and policies

### 2.1 Risk management framework

The Board of Directors (“BoD” or the “Board”) and Senior Management recognize that risk occurs as part of the day-to-day business of the Company. Risk management embraces the whole spectrum of activities associated with the identification, measurement, monitoring and reporting of risk. The Risk Management Framework sets out the overall approach that Amana uses to manage the internal and external risks that the Company is exposed to, including risk to clients, risk to market and risk to firm. The Risk Management Framework enables a consistent approach to risk management across the Company.

The Company’s Risk Management Framework is comprised by the following three key components:

<b>Policies and standards</b>	<ul style="list-style-type: none"> <li>• Overall objective, risk strategy and appetite;</li> <li>• High level description of approach and minimum risk policy standards;</li> <li>• Relation with other lower-level risk management and control policies and processes;</li> </ul>
<b>Organization and governance structure</b>	<ul style="list-style-type: none"> <li>• Clearly documented roles and responsibilities tied to job description;</li> <li>• Risk Management, MLCO/Compliance and Internal Audit functions which provides independent assessment and challenge to the business;</li> <li>• Senior management oversight;</li> </ul>
<b>Risk process</b>	<ul style="list-style-type: none"> <li>• Risk and control assessment process;</li> <li>• Risk monitoring/key risk indicators;</li> <li>• Incident and loss tracking/reporting;</li> <li>• Company risk reporting;</li> </ul>



## 2.2 Risk strategy

The Company's risk strategy is formulated by the BoD who has the overall responsibility for setting, periodically reviewing and overseeing its implementation in view of the business objectives of the Company. The risk strategy focuses on ensuring that the Company has in place adequate policies, relevant procedures and an effective management framework to successfully manage the Company's exposure to the risks incurred and to meet the regulatory compliance requirements.

## 2.3 Risk appetite

Amana's Risk Appetite is formulated by the BoD and it articulates the aggregate level and types of risks that the Company is willing to accept, or to avoid within its risk capacity, in order to execute its business strategy and protect its capital and liquidity resources.

The Risk Appetite includes both quantitative and qualitative elements, including risk and regulatory limits. Specific monitoring controls and limits have been put in place to ensure that the Company maintains at all times adequate level of own funds in compliance with the prudential requirements.

## 2.4 Risk Governance structure

The BoD has the overall responsibility for the business of the Company and is ultimately responsible for the Company's risk management, setting the Company's strategic objectives and its appetite for risk. The BoD is responsible to set, approve and oversee the implementation of the key policies and business strategy of the Company within the applicable regulatory framework, to implement and oversee the overall risk strategy of the Company, including its risk appetite and monitoring of risks on a regular basis.

The BoD is assisted in their oversight function by the Risk Management Committee. The Risk Management Committee is formed with the view to ensure the efficient monitoring of the risks inherent in the provision of the investment services to Clients, as well as the risks underlying the operation of the Company, in general. During 2022 the Risk Committee held four (4) meetings.

The Company has in place robust governance arrangements, including a clear organisational structure with well-defined, transparent and consistent lines of responsibility.

The Company appointed a Risk Manager who is responsible for the establishment of the Risk Management Framework as set by the BoD and the Risk Management Committee. The Risk Manager is reporting to Senior Management and at least annually to the BoD and the Risk Management Committee.

The Company's risk governance is based on a three lines of defence model, to ensure effective risk management through clearly defined roles and responsibilities and enhanced communication lines:

**First Line of Defence** – The Senior Management forms the first line of defence. Senior Management is responsible for the identification, analysis, measurement, monitoring and management of risk as part of their accountability for achieving the Company's strategy, objectives and overall direction and establishing effective

control measures to ensure that business activities are fully in compliance with the Company's policies, procedures of risk control and external – internal requirements. Further to this, all members of the Senior Management of the Company have the same level of responsibility and authority regarding the management and good standing of the Company.

**Second Line of Defence** – The Risk Manager, Compliance Officer and Money Laundering Compliance Officer form the second line of defence.

The Risk Manager is responsible to ensure that the controls and procedures managed in the first line of defence are designed properly and effectively. In this regard, the Risk Manager is responsible to regularly monitor to ensure that the Company's risks are managed in line with the risk appetite and the Risk Management Framework in accordance with the applicable laws and regulatory requirements. The Risk Manager reports to the Senior Management of the Company.

The Compliance Officer is responsible for monitoring compliance with laws, regulations and supervisory requirements, establishing and maintaining adequate policies and procedures to manage compliance risks, and providing advice on compliance matters to Senior Management. The Compliance Officer reports to the Senior Management of the Company.

Money Laundering Compliance Officer ("MLCO") is responsible to identify, manage and mitigate money laundering risks and to ensure compliance with anti-money laundering rules under Directive (EU) 2015/849. The MLCO performs monitoring of money laundering compliance processes and reports to the Senior Management of the Company. All of the Company's employees are required to report to the MLCO their knowledge or suspicion of transactions involving money laundering and terrorist financing.

**Third Line of Defence** – Lies with Internal Audit which ascertains that the First and Second Lines of Defence are operating effectively and provides advice on how these could be improved. The Company, taking into account the nature, scale and complexity of its business activities, as well as the nature and the range of its investment services and activities, established and maintains an Internal Audit function through the appointment of a qualified and experienced Internal Auditor. The Internal Auditor is responsible to evaluate the adequacy and effectiveness of the Company's internal controls, systems, policies and procedures with respect to the relevant law and regulatory requirements.

## 2.5 Risk Profile

Amana has assessed its risk profile on the basis of its business strategy, operations, objectives, exposures and regulatory environment requirements.

The Company's risks are presented in the following sub-sections, along with their respective K- factors that have been established in accordance with the IFR for the calculation of the own funds requirements. These are described in the following sections.

## 2.6 Risk to client (RtC)

RtC, covers the risk imposed to the Company's clients resulting from the business activities and services the Company offers. As at 31<sup>st</sup> of December 2022, the only applicable k- factor for Amana under RtC is K-Client Money Held (K-CMH).

K-CMH means the amount of client money that the Company holds, taking into account the legal arrangements in relation to asset segregation and irrespective of the national accounting regime applicable to client money held by the Company. Moreover, K-CMH captures the risk of potential for harm where the Company holds the money of its clients, in the Company's own balance sheet or in third-party accounts, and arrangements under applicable national law provided that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the Company. K-CMH is broken down further into money held in segregated and/or non-segregated accounts.

For the purpose of calculating K-CMH, CMH is estimated as the rolling average of the value of total daily client money held, measured at the end of each business day for the previous nine (9) months, excluding the three (3) most recent months.

## 2.7 Risk to market (RtM)

RtM, relates to the market risk for positions the Company holds in CFDs underlying financial instruments such as equity securities including indices and shares, foreign currencies, commodities and cryptos. Therefore, Amana's exposure to market risk is related to the impact of changes in the price of equity instruments ('position risk'), the impact of unexpected changes in commodity prices ('commodity risk') and changes/movement in the value of financial positions, due to changes in foreign exchange risk (both over the counter (OTC) spot and futures contracts).

For internal management purposes, the Company supplements the measurement of market risk using Historical Simulation Value-at-Risk ("VaR") and performs also stress tests and scenario analysis using both the results of the actual principal portfolio and also representative hypothetical portfolios.

The Company's Risk Management Framework encompasses the risk measures to quantify, monitor and report market risk. Market risk is mitigated using the risk measures and to keep it within approved risk limits and the risk-weighted regulatory capital requirements.

The Company also maintains hedging accounts with other financial institutions in order to hedge its exposure, when the need arises.

Amana follows the standardized approach to calculate its own funds requirements for position risk in the trading book in accordance with Chapters 2, 3 or 4 of Title IV of Part Three of the Regulation (EU) No. 575/2013 ('CRR'), with respect to position risk in equity, commodities and foreign exchange risk.

## 2.8 Risk to firm (RtF)

RtF covers the exposures to the Company's trading book counterparties in specific transactions, the concentration risk in large exposures to specific counterparties that, thereby generate an excessively concentrated source of risk to the Company from default of the counterparty and operational risk arising from the Company's daily trading flow.

### Trading Counterparty Default (TCD) Risk

TCD means the exposures in the trading book of the Company in specific instruments and transactions giving rise to the risk of trading counterparty default.

The Company in its ordinary course of business uses OTC derivatives and forward foreign exchange transactions to hedge exposures i.e., interest rate and foreign exchange risk.

The Company uses as counterparties, to hedge its exposures, banks and financial institutions that have strong balance sheet and capital base. The Company monitors and reviews the performance of these counterparties regularly against a number of internally developed qualitative and quantitative criteria. Furthermore, the Company uses a number of counterparties and diversifies and restricts the maximum amount of cash held in each of the counterparties. The Company monitors constantly the ratio of cash held on each of the counterparties. Finally, one of the important criteria in selecting the counterparty is the bank that the counterparty uses to hold the Company's cash. Namely, the Company uses only counterparties that keep the Company's money in blue chip banks.

The Company's policy is not to provide credit or loans to investors/clients and it accepts as collateral only the highest liquid asset, namely cash in either USD, EUR or GBP.

### Calculation of K-TCD

K-TCD is calculated based on each counterparty type. Particularly, the value of the financial instrument exposure (i.e., taking into consideration its replacement cost, an add-on for potential future exposure, and the collateral) is multiplied by relevant risk factor per counterparty accounting also for the mitigating effects of effective netting and the exchange of collateral (if and where applicable).

Total K-TCD is the sum of K-TCD calculated for each of the transaction, in accordance with the following formula:

$$K - TCD = \alpha * Exposure Value * Risk Factor * Credit Valuation Adjustment$$

where,

$$\alpha=1.2;$$

*Exposure Value* is calculated in accordance with Article 27 of the IFR; *Risk Factor* as applicable to the counterparty type as set out in the table 2 in Article 26 of the IFR;

**Credit Valuation Adjustment** is calculated in accordance with Article 32 of the IFR.

## 2.9 Concentration risk

Concentration Risk captures risk in relation to individual or highly connected private sector counterparties with whom the Company has exposures above 25 % of its own funds. In the case where counterparties' exposures exceeded the limit(s), the K-CON factor is calculated to determine the relevant own funds requirement to cover such excess exposures.

Concentration risk is monitored regularly by the Company as follows and where exposure values exceed certain limits, the Company ensures that the exposure is not exceeding 500% of the Company's own funds, where 10 days or less have elapsed since the excess occurred.

In case of exposure excess the Company proceeds to calculate the K-CON factor to determine additional own funds requirements to cover the excess in accordance with Article 39 of the IFR, as follows:

$$\frac{\text{OFR}}{\text{EV}} \geq \text{EVE}$$

where,

**OFR** = the own funds requirement of exposures to an individual client or groups of connected clients, calculated by adding together the own funds requirements of the exposures to the individual clients within the group, which shall be treated as a single exposure;

**EV** = exposure value calculated in the manner described above;

$$\text{EV} = \text{Max} (0; \text{RC} + \text{PFE} - \text{C})$$

**EVE** = exposure value excess:

$$\text{EVE} = \text{EV} - \text{L}$$

**L** = limit with regard to concentration risk

## 2.10 Daily trading flow ('DTF')

DTF captures the operational risks to the Company in large volumes of trades concluded for its own account or for clients in its own name in one day, which could result from inadequate or failed internal processes, people and systems or from external events.

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### Calculation of the K-DTF

K-DTF factor is equal to the rolling average of the value of the total daily trading flow, measured through each business day over the previous 9 months, excluding the 3 most recent months, in accordance with Article 33 of the IFR. Daily trading flow is the sum of the absolute value of buys and sells (amount paid/received on each cash trade).

### Management of Operational Risk

The Company manages operational risk through a control-based environment in which processes are documented and transactions are reconciled and monitored. This is supported by continuous monitoring of operational risk incidents to ensure that past failures are not repeated. Furthermore, the Group has in place

policies and processes whose implementation assists with the evaluation and management of any exposures to operational risk.

The Compliance Officer ensures that each employee is familiar with the regulations and it is compulsory for new employees to read them when they commence their employment. To ensure that employees remain aware of their responsibilities, and the policies and procedures the Group has in place, they are asked to familiarize themselves with the regulations twice a year. The regulations are easily accessible to employees.

Records are kept in electronic and hard copy form of client identification and due diligence information, statements and correspondence. This reduces the risk of loss in the event that records are lost as a result of a fire or because of a failure of the IT systems as a back-up will be available.

As the Group predominantly communicates with its clients and counterparties through email and telephone, the Group maintains a business continuity plan in order to reduce the risk of loss stemming from the failure of its systems or external events.

For the purpose of managing operational risk, the following risks are also reviewed and monitored:

- Infrastructure & Technology;
- Operations & Accounts;
- Third party information;
- IT security, including data security;
- IT systems availability;
- IT projects/development;
- Internet stability/access;
- Employees;
- Health & Safety;
- Business processes;
- BCP;
- Hacking/penetration; and
- Power fluctuations.

### **2.11 Liquidity risk**

Liquidity risk is the risk that over a time period the Company will not be able to meet its payment obligations as and when they fall due and/or without incurring substantial losses as a result.

As a Class 2 investment firm, Amana is required to hold an amount of liquid assets equivalent to at least one third of the fixed overhead requirement calculated in accordance with Article 13 (1) of the IFR.

In order to manage its liquidity risk and maintain adequate liquid assets to meet its operational needs, the Company monitors the above on a regular basis to ensure compliance at all times.

### **2.12 Internal capital adequacy and risk assessment process (ICARA)**

The Company is required, pursuant to Chapter 2 Part A Paragraph 18 of Law L.165(I)/2021 to have in place sound, effective and comprehensive arrangements, strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that the Company considers adequate to cover the nature and level of risks which the Company may pose to others and to which the Company itself is or might be exposed.

The arrangements, strategies and processes in place are appropriate and proportionate to the nature, scale and complexity of the activities of the Company.

Following the implementation of the new prudential regulatory framework, Amana replaced its existing ICAAP with the new ICARA, by establishing new assessments with respect to the liquidity adequacy of the Company, designing new financial projections and stress tests to reflect the new K-factor requirements.

### **2.13 Internal BoD risk declaration**

The BoD is responsible for reviewing and assessing the effectiveness of the Company's risk management arrangements and systems of financial and internal control.

Following a review of the risk management strategy, program and systems implemented by the Company, the BoD considers that there are adequate risk management arrangements in place.

The BoD hereby confirms that the risk management systems in place by the Company are adequate with regards to the Company's profile, size, volume and business strategy.

### 3. Governance Arrangements

#### 3.1 Number of directorships held by members of the BoD

The BoD has the overall responsibility for the establishment and oversight of the Company's Risk Management Framework. The BoD satisfies itself that financial controls and systems of risk management are robust. In accordance with Section 9 paragraph 4 of the L. 87(I) / 2017, members of the BoD of a Cyprus Investment Firm that is significant in terms of its internal organization, size and the nature, the scope and the complexity of its activities, shall not hold more than one of the following combinations of directorships at the same time:

- one executive directorship with two non-executive directorships;
- four non-executive directorships.

As at 31 December 2022, the BoD comprises of three executive directors, one non-executive director and two independent non-executive directors while the number of directorships held by the BoD members are as follows

Director	Function	Executive directorships	Non-Executive directorships
Mr. Athanasios Velianis	Managing Director (Executive Director, part of "4-Eyes")	1	
Mr. Maher Haber	General Manager (Executive Director, part of "4-Eyes")	1	
Mr. Hazem Farra	Non-Executive Director (appointed on 27 September 2022)	3	3
Mr. Mazen Yazbeck	Non-Executive Director		1
Mr. Socrates Parparinos	Independent, Non-Executive Director		1
Mr. Georgios Xydias	Independent, Non-Executive Director		2

**Table 1:** Number of Directorships of the members of the BoD.

It is noted that for the purposes of the disclosures above, executive or non-executive directorships held within the same group count as a single directorship. A number of Directors hold directorships in other Companies but there is no conflict of interest and without compromising the quality of work executed within the Company.



### 3.2 Diversity policy

The Company is committed to promoting diversity in the composition of its BoD and recognizes that its human capital is the most valuable asset. Diversity is one of the criteria taken into consideration when selecting a BoD member so that the Company has a balanced and effective BoD.

### 3.3 Recruitment policy

The selection of members of the management body is in line with the Diversity Policy and based on the regulatory requirements in accordance with Section 9 and 10 of the L. 87(I) / 2017 and relevant guidelines issued by the CySEC and ESMA. Particularly, the recruitment policy for the selection and appointment of members of the management body combines an assessment of academic qualifications, work experience, technical capability, competence skills as well as performance during the interview selection process.

The BoD will submit request to HR prior to recruiting candidate(s) for the BoD. It is the responsibility of the BoD to find, assess and short-list candidates for the BoD. The short-listed candidates must have sufficient experience and knowledge and devote the time needed to perform the job required by the BoD effectively.

## 4. Own funds

The Company's regulatory capital base consists of Common Equity Tier 1 ('CET1') only, which includes share capital and retained earnings. The Company does not issue Additional Tier 1 or Tier 2 items.

From CET1, the Company deducts intangible assets, the Investors Compensation Fund contribution and the additional cash buffer of 3 per thousand of the eligible funds and financial instruments of the Company's clients, as required by Circular C334 issued by CySEC. The intangible assets that are deducted from Tier 1 Capital relate primarily to computer software.

The main features of the 's own funds instruments are presented in table EU IF CCA attached in Appendix 1. The composition of the regulatory own funds is presented in table EU IF CC1 below.

		<b>Amount USD'000</b>
1	<b>OWN FUNDS</b>	9.497
2	<b>TIER 1 CAPITAL</b>	9.497
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	9.497
4	Fully paid-up capital instruments	8
5	Share premium	5.218
6	Previous years retained earnings	2.572
7	Accumulated other comprehensive income	-
8	Other reserves	7.500
9	Minority interest given recognition in CET1 capital	-
10	Adjustments to CET1 due to prudential filters	-
11	Other funds	-
12	<b>(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1</b>	-5.725
13	(-) Own CET1 instruments	-
14	(-) Direct holdings of CET1 instruments	-

15	(-) Indirect holdings of CET1 instruments	-
16	(-) Synthetic holdings of CET1 instruments	-
17	(-) Losses for the current financial year	-5.710
18	(-) Goodwill	-
19	(-) Other intangible assets	-15
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own fund	-
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment	-
25	(-) Defined benefit pension fund assets	-
26	(-) Other deductions	-
27	CET1: Other capital elements, deductions and adjustments	-76
28	<b>ADDITIONAL TIER 1 CAPITAL</b>	N/A
29	Fully paid up, directly issued capital instruments	N/A
30	Share premium	N/A
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	N/A
32	(-) Own AT1 instruments	N/A
33	(-) Direct holdings of AT1 instruments	N/A
34	(-) Indirect holdings of AT1 instruments	N/A

35	(-) Synthetic holdings of AT1 instruments	N/A
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	N/A
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment	N/A
38	(-) Other deductions	N/A
39	Additional Tier 1: Other capital elements, deductions and adjustments	N/A
40	<b>TIER 2 CAPITAL</b>	N/A
41	Fully paid up, directly issued capital instruments	N/A
42	Share premium	N/A
43	<b>(-) TOTAL DEDUCTIONS FROM TIER 2</b>	N/A
44	(-) Own T2 instruments	N/A
45	(-) Direct holdings of T2 instruments	N/A
46	(-) Indirect holdings of T2 instruments	N/A
47	(-) Synthetic holdings of T2 instruments	N/A
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment	N/A
49	(-) T2 instruments of financial sector entities where the institution has a significant investment	N/A
50	Tier 2: Other capital elements, deductions and adjustments	N/A

**Table 2 : EU IF CC1 - Composition of regulatory Own Funds**

A full reconciliation of the Common Equity Tier 1 items, Additional Tier 1 items and applicable filters and deductions applied to own funds of the Company and the balance sheet in the Company's unaudited financial statements, is provided in table EU IF CC2 below. The Company does not issue Additional Tier 1 items or Tier 2 items.

		Balance sheet as in audited financial statements as at 31/12/2022 – USD
Assets - Breakdown by asset classes according to the balance sheet in the unaudited financial statements		
1	Plant and equipment	18.799
2	Right-of-use asset	17.120
3	Intangible assets	15.407
4	Contribution to the Investor's Compensation Fund	60.867
	<b>Non-Current assets</b>	<b>112.193</b>
5	Non-financial assets	917.623
6	Tax refundable	104.842
7	Financial assets at amortised cost	20.204.134
8	Financial assets at fair value through profit or loss	52.771
9	Derivative financial instruments	6.235.062
10	Bank deposits with original maturity over three months	3.000.000
11	Cash and cash equivalents	13.119.174
	<b>Current assets</b>	<b>43.633.606</b>
	<b>Total Assets</b>	<b>43.745.799</b>

Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements		
1	Bank overdraft	3.282
2	Trade and other payables	31.993.516
3	Derivative financial instruments	1.697.174
4	Lease liability	20.285
5	Deferred tax liabilities	401.844
6	Current income tax liabilities	41.799
	<b>Current liabilities</b>	<b>34.157.900</b>
	<b>Total Liabilities</b>	<b>34.157.900</b>
Shareholders' Equity		
1	Share capital	7.837
2	Share premium	5.217.833
3	Retained earnings	-3.137.771
4	Other reserves	7.500.000
	<b>Total Shareholders' equity</b>	<b>9.587.899</b>
	<b>Total Equity and Liabilities</b>	<b>43.745.799</b>

**Table 3:** EU IF CC2 - Own funds: reconciliation of regulatory own funds to balance sheet in the unaudited financial statements

## 5. Own funds requirements

### 5.1 Summary of the Own funds requirements

In accordance with the provisions of Article 9 of the Regulation, the Company shall at all times have own funds that shall meet the following conditions:

- a. Common Equity Tier 1 capital  $\geq 56\%$   
 $D$
- b. Common Equity Tier 1 capital + Additional Tier 1 capital  $\geq 75\%$   
 $D$
- c. Common Equity Tier 1 capital + Additional Tier 1 capital + Tier 2 capital  $\geq 75\%$   
 $D$

Where, for the purpose of the own funds requirement calculation,  $D$  is defined as the highest of:

- a. the Company's fixed overhead requirement in accordance with Article 13;
- b. the Company's permanent minimum capital requirement in accordance with Article 14; and
- c. the Company's K-factor requirement in line with Article 15(1) of the Regulation.

As at 31st of December 2022, the Company's fixed overhead requirement was equal to USD 3.421 thousand, the permanent minimum capital amounted to USD 800 thousand, and the K-factor requirements amounted to USD 1.660 thousand. Therefore, it has been concluded that the fixed overhead requirement is the highest and thus, it is used as the denominator to determine the Company's capital ratios.

The Company's own funds requirement conditions and capital ratios are reflected in the table below:

	Amount USD'000
<b>OWN FUNDS REQUIREMENTS</b>	
Permanent minimum capital requirement	800
Fixed overhead requirement	3.421
Total K-Factor Requirement	1.660
<b>Total own funds requirement</b>	<b>3.421</b>
<b>CET 1 Ratio</b>	<b>277,61%</b>

<b>Tier 1 Ratio</b>	<b>277,61%</b>
<b>Own Funds Ratio</b>	<b>277,61%</b>
Transitional requirement based on CRR own funds requirements	-
Transitional requirement based on fixed overhead requirements	-
Transitional requirement for investment firms previously subject only to an initial capital requirement	-
Transitional requirement based on initial capital requirement at authorisation	-
Transitional requirement for investment firms that are not authorised to provide certain services	-
Transitional requirement of at least 250 000 EUR	-
<b>Total own funds requirement (including Transitional Requirements)</b>	<b>3.421</b>
<b>CET 1 Ratio (including Transitional Requirements)</b>	<b>277,61%</b>
<b>Tier 1 Ratio (including Transitional Requirements)</b>	<b>277,61%</b>
<b>Own Funds Ratio (including Transitional Requirements)</b>	<b>277,61%</b>

**Table 4:** Own Funds Requirement

As per the above capital ratios, the composition of own funds of the Company remained above the minimum requirement, as calculated in accordance with Article 9 of the IFR.

In order to ensure compliance with capital adequacy requirements, the Company monitors its capital ratio on an ongoing basis to secure that this remains at a level well above the predetermined limits, at all times.

## 5.2 Fixed overheads requirement

In accordance with the provisions of Article 13 of the IFR, fixed overheads requirement shall amount to at least one quarter of the fixed overheads of the preceding year, subject to specific deductions as per Article 13 (4) of the IFR.



The table below presents the fixed overhead requirement calculated as at 31st of December 2022.

Item	Amount USD'000
<b>Fixed overhead requirement</b>	<b>3.421</b>
Annual Fixed Overheads of the previous year after distribution of profits	13.684
Total expenses of the previous year after distribution of profits	15.114
Of which: Fixed expenses incurred on behalf of the investment firms by third parties	-
(-)Total deductions	-1.430
(-)Staff bonuses and other remuneration	-320
(-)Employees', directors' and partners' shares in net profits	-
(-)Other discretionary payments of profits and variable remuneration	-
(-)Shared commission and fees payable	-138
(-)Fees, brokerage and other charges paid to CCPs that are charged to customers	-972
(-)Fees to tied agents	-
(-)Interest paid to customers on client money where this is at the firm's discretion	-
(-)Non-recurring expenses from non-ordinary activities	-
(-)Expenditures from taxes	
(-)Losses from trading on own account in financial instruments	-
(-)Contract based profit and loss transfer agreements	-
(-)Expenditure on raw materials	-
(-)Payments into a fund for general banking risk	-
(-)Expenses related to items that have already been deducted from own funds	-
Projected fixed overheads of the current year	15.114

Variation of fixed overheads (%)	10,45%
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**Table 5:** Fixed Overheads Requirement calculation

### 5.3 Permanent minimum capital requirement

The Company's permanent minimum capital requirement pursuant to Section 16 of the L.87(I)/2017 and in accordance with Article 9 of the IFD is EUR 750 thousand or USD 800 thousand, which is the Company's reporting currency.

### 5.4 K-factor requirement

In accordance with Article 15 (1) of the IFR, the K-factor requirement shall amount to at least the sum of the following set of K-factors which capture Risk to Client, Risk to Market and Risk to Firm as follows:

	Factor amount	K-factor requirement Amount USD'000
<b>TOTAL K-FACTOR REQUIREMENT</b>		<b>1.660</b>
<b>Risk to client</b>		<b>7</b>
Assets under management	-	-
Client money held - Segregated	1.858	7
Client money held - Non - segregated	-	-
Assets safeguarded and administered	-	-
Client orders handled - Cash trades	-	-
Client orders handled - Derivatives Trades	-	-
<b>Risk to market</b>		<b>166</b>
K-Net positions risk requirement		166
Clearing margin given	-	-
<b>Risk to firm</b>		<b>1.487</b>
Trading counterparty default		751
Daily trading flow - Cash trades	-	

Daily trading flow - Derivative trades	84.230	8
K-Concentration risk requirement		728

**Table 6:** Total K- Factor Requirement

## 6. Remuneration policy

The Company has established a remuneration policy, the purpose of which is to set out the remuneration practices of the Company taking into consideration the salaries and benefits of the employees, in accordance with the remuneration principles set out in Section 24(1) of the L.165(I)/2021 and the provisions of Article 51 of the IFR, in a way and to the extent that is appropriate and proportionate to the Company's size, internal organization and the nature, scope and complexity of its activities.

The Company's remuneration system and policy is concerned with practices of the Company for those categories of staff, including senior management, risk takers, staff engaged in control functions, whose professional activities have a material impact on the risk profile of the Company. The said practices are established to ensure that the reward for the 'executive management' is linked to the Company's performance, to provide an incentive to achieve the key business aims and deliver an appropriate link between reward and performance whilst ensuring base salary levels are not set at artificially low levels.

The BoD meets once a year to discuss and review the remuneration policy.

The BoD is responsible for determining an attractive remuneration policy, in its attempt to motivate, recruit and retain its staff. The remuneration is mainly fixed, but a variable element also exists, which is based on both the individual performance of each employee and the Company's performance. Formal performance appraisals take place annually to evaluate the performance of each employee.

All employees are eligible for a variable annual (one - off) bonus remuneration, the size of which is at the sole discretion of the Company and is evaluated from their annual performance appraisal and the annual financial performance of the Company. The Company does not offer any option schemes, or any reward linked to shares of the Company.

The remuneration of the senior management personnel, including BoD and members of staff whose actions have a material impact on the risk profile of the Company is shown in the following table:

Position	Fees and emoluments of members of the BoD and other key management personnel		
	Amount (USD)		
	Fixed remuneration	Variable remuneration	Number of persons
Executive Members of the BoD	106.856	10.037	2
Non-Executive Members of the BoD	30.041	-	2
Other key management personnel	31.963	3.597	1
<b>Total</b>	<b>168.870</b>	<b>13.634</b>	

**Table 7:** Amount of remuneration, split into fixed and variable remuneration

It is noted that during the reporting period there were no natural persons at the Company with remuneration in excess of EUR 1 million.

In accordance with Article 52(c) of the Regulation, it is noted that variable remuneration provided in the form of cash only.

## 7. Investment policy

In accordance with Article 52 of the IFR, IFs should disclose the following information in relation to their investment policy, where value of their on and off-balance sheet assets is, on average, more than 100 million EUR over the four-year period immediately preceding the given financial year:

- the proportion of voting rights attached to the shares held directly or indirectly by the investment firm, broken down by Member State and sector;
- a complete description of voting behaviour in the general meetings of companies the shares of which are held in accordance with paragraph 2 of Article 52, an explanation of the votes, and the ratio of proposals put forward by the administrative or management body of the company which the investment firm has approved;
- an explanation of the use of proxy advisor firms; and
- the voting guidelines regarding the companies the shares of which are held in accordance with paragraph 2 of Article 52.

As at December 31<sup>st</sup>, 2022 the Company does not meet the above requirement, therefore no further disclosure is required to be made.

## 8. Environmental, social and governance risks

In accordance with Article 53 of the IFR, from 26 December 2022, IFs shall disclose information on environmental, social and governance risks, including physical risks and transition risks, as defined in the report referred to in Article 35 of Directive (EU) 2019/2034, where the value of their own on and off-balance sheet assets is, on average, more than 100 million EUR over the four-year period immediately preceding the given financial year.

As at December 31<sup>st</sup>, 2022 the Company does not meet the above requirement, therefore no further disclosure is required to be made.

**Appendix I: EU IF CCA Own funds: main features of own instruments issued by the Company**

Capital instruments main features template		
1	Issuer	Amana Capital Limited
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus
5	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 7,837
7	Nominal amount of instrument	USD 7,837
8	Issue price	USD 1,31
9	Redemption price	N/A
10	Accounting classification	Ordinary shares
11	Original date of issuance	Multiple
12	Perpetual or dated	N/A
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
17	Coupons/dividends	N/A
18	Fixed or floating dividend/coupon	N/A
19	Coupon rate and any related index	N/A



20	Existence of a dividend stopper	N/A
21	Fully discretionary, partially discretionary, or mandatory (in terms of timing)	N/A
22	Fully discretionary, partially discretionary, or mandatory (in terms of amount)	N/A
23	Existence of step up or other incentive to redeem	N/A
24	Noncumulative or cumulative	N/A
25	Convertible or non-convertible	N/A
26	If convertible, conversion trigger(s)	N/A
27	If convertible, fully or partially	N/A
28	If convertible, conversion rate	N/A
29	If convertible, mandatory or optional conversion	N/A
30	If convertible, specify instrument type convertible into	N/A
31	If convertible, specify issuer of instrument it converts into	N/A
32	Write-down features	N/A
33	If write-down, write-down trigger(s)	N/A
34	If write-down, full or partial	N/A
35	If write-down, permanent or temporary	N/A
36	If temporary write-down, description of write-up mechanism	N/A
37	Non-compliant transitioned features	N/A
38	If yes, specify non-compliant features	N/A
39	Link to the full term and conditions of the instrument (signposting)	N/A